

BUDGET OPTIONS, RESOURCES AND PRIORITIES

ACCOUNTABLE CABINET MEMBER: SAM CROOKS

Contact Officer:

Ian Frost (Director of Finance)

MK252756

1. Background

1.1 This year a review has been undertaken of the continuation budget and MTP processes. An agreement has been reached that the processes followed in previous years will be disbanded and a new single planning process will be put in place. This process will be aligned with the refresh of the Council's priorities which will be updated for the 3 year period 2009/10 to 2011/12. This alignment is to ensure resources move to the areas of highest priority to enable the Council to achieve its objectives. A high level discussion document will be produced in September to inform the priority setting process. It will be based upon the conclusions drawn from the Milton Keynes Story of Place, which shaped the development of the LAA, with additional information about current performance and the views of citizens and the Audit Commission.

The milestones of the new process will be the CPDC meetings where Ian Frost will report on progress.

1.2 The dates of the CPDC meetings are:

10/9/08
8/10/08
3/12/08
4/02/09

1.3 The concept of the single planning process is based on three factors:

1. The corporate priorities will be refreshed this year for the next 3 years and resources may be realigned if priorities are changed.
2. Whilst recognising there may be changes as a result of point 1, fundamentally budgets have already been built and agreed by Council for 2009-10 and 2010-11. Rather than scrapping these budgets as has happened in previous years the new process will build on the already agreed budgets. As there is no additional funding available over and

above that already agreed in the budget, any additional pressures will need to be financed from within existing budgets.

3. It is foreseen that the budget build will be one that is constantly evolving. As pressures and savings are identified in budget monitoring, budgets will be adjusted through the use of virements to keep the overall budget as accurate as possible.

2. Workforce/Efficiency Savings

- 2.1 The current budget is set on the assumption that £2.2m of workforce and £1.2m of other efficiency savings will be achieved in 2008-9. These targets will still need to be met and permanent virements need to be completed in the year to find the savings from within Directorate budgets.

3. Period 6 budget monitoring

- 3.1 The period 6 budget monitoring report will be a critical document. A review will be undertaken following this report to establish what virements can be actioned to remove budgets from areas that are constantly under-spending and to address consistent 'bad budgets'.
- 3.2 It is anticipated that if Directorates are reporting an under-spend savings will be vired back to a central code to enable a fund to be built to fund other overspends and priorities or projects that members wish to undertake. This could take the form of temporary one year only virements or permanent virements.
- 3.3 If Directorates are reporting an over-spend a decision will be reached on whether this is controllable or non controllable. If controllable, a target will be added to the Directorate budget for savings to be found.
- 3.4 This means that the Period 6 report will be the driving force behind the future year budgets.
- 3.5 To ensure that that amounts are not being withheld in the monitoring report, the Transactional Accounts Team will be running diagnostic reports from SAP to compare forecasts against actual spend. Any inconsistencies will be reported to the Financial Control Team for further investigation in conjunction with the Technical Teams.

4. Overview of Budget Build Process

- 4.1 The budgets currently built for 2010-11 will be copied to form the basis of the 2011-12 budget.
The budgets already build in SAP and agreed by Council for 2009-10 and 2010-11 will remain in force.
All three years will be updated for known pressures and savings. However as the budgets are currently balanced to the funding available any updates will have to have a net nil effect on the bottom line for the Council.

5. Detailed process

- 5.1 Budgets will constantly be updated by the Technical Teams by the use of virements. Each month the permanent virements will be copied by the Transactional Team into the budget build layout. These will be entered into column A12
- 5.2 Technical Teams will prepare a balanced upload for each year to update the existing budget for known pressures and savings. As the adjustments will not be automatically copied into later years the upload adjustments need to be shown as a cumulative effect. A template for the upload will be provided by the Transactional Team. The upload sheets will be loaded in to column A13 of the budget build layout.
- 5.3 If following the initial upload subsequent adjustments are required a new upload sheet, showing the changes should be sent to the Transactional Team. All upload sheets need to have a unique reference number so that the Transactional team can be sure that the correct version has been uploaded.
- 5.4 To aid the Technical Teams in preparing the upload sheets, the Transactional Team will run salary diagnostic reports in Version 2 of SAP. The reports will show the forecast position for each year as per the salary forecaster report with adjustments for pay inflation. These will then be available for the Technical Teams to use as a comparison with the existing budget to highlight any adjustments that are required.
- 5.5 As required the Transactional Team will produce the reports directly from SAP for submission to CPDC. These reports will be excluding recharges.

6. Timetable for CPDC on 10/9/08

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| 01/07/08 | Transactional team to copy 2010-11 budget build into 2011-12 |
| 25/07/08 | Submission of July virements to the Transactional Team. |
| 31/07/08 | Priorities discussion document produced. |
| 08/08/08 | Upload sheets to be submitted to the Transactional team. |
| 22/08/08 | July Virements and upload sheets entered into the budget build layout, and available for Technical Teams to check for accuracy |
| 29/08/08 | Technical Team to submit to Transactional any amendments to the original upload forms. These changes will overwrite the amounts currently shown in the budget build report. |
| 28/08/08 | Transactional Team to prepare and submit reports to Strategic Finance for CPDC |

7. Timetable for future CPDC meetings

- 26/08/08 Last day for submission of August virements to Transactional
- 29/08/08 Transactional team to send request to Technical Teams for information on non controllable recharges
- 25/09/08 Last day for submission of September virements to Transactional
Last day for any revisions to the upload forms to be submitted to Transactional for inclusion in the October CPDC report
- 30/09/08** Last day for submission to the Transactional Team of data to be used for non controllable recharges
- 25/09/08 Transactional Team to prepare and submit reports to Strategic Finance for CPDC. Due to timings this will only include virements up to the end of August.
- 27/10/08 Last day for submission of October virements to Transactional.
- 17/11/08 Last day for submission of November virements to Transactional. (This month is early to enable virements to be picked up in the December CPDC report and December Cabinet papers)
- 20/11/08** Last day for any revisions to the upload forms to be submitted to Transactional for inclusion in the December CPDC reports
- 20/11/08 Transactional Team to prepare and submit reports to Strategic Finance for CPDC and December Cabinet reports
- 28/11/08 Transactional Team to have prepared non controllable recharges in SAP to enable recharges to be run when requested.

7.1 After the budgets have been agreed by December's Cabinet and recharges have been run, any changes to the budget will need to be kept to a minimum. This will avoid changes to the recharge mechanism and any potential effect on the recharges to the HRA. It is suggested that any amounts that are for specific projects agreed by members after this date are easily identified in SAP.

8. Public Consultation

8.1 The first public consultation will focus on budget priorities in early to mid October. This will be followed by consultation on the more detailed service and budget implications of the proposals throughout January 2009.

9. Information required

9.1 Limits on the overall budget for 2011-12
Guidance on central inflation factors
Guidance on corporate priorities to enable directorates to establish which services should be enhanced and which reduced