



watermark

Denbighshire County Council

Budget Process 2022/23 and beyond

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Budget Pressures

Although the Council has a strong track record of identifying strategic pressures over recent years, which is reflected in the Financial Outturn of the Council, feedback received from services for a number of years have questioned what the process was to recognise smaller scale budget flaws and pressures. In previous years, exercises have been undertaken in year, for example when service savings have not been achievable or when issues are raised by politicians. There is a risk that this can lead to unbalanced decisions and disruption to the budget process and its integrity. Key aspects and aims of the process:

- Capture 'small' scale budget flaws (under £100k)
- Identify key strategic budget pressures (over £100k)
- Aims to ensure that by the autumn a full picture of pressures can be considered in the round
- Pressures Identified after the autumn will need to be funded by cash and considered as part of the following year's budget process
- Finance will bring together proformas to record details
- Decisions on acceptance or not of pressures will be formally recorded
- Smaller scale budget adjustments will be considered at the Budget Board at the end of July to help with service planning
- Strategic Pressures will be considered in detail during the autumn to allow time for the latest projections to be taken into account.

1% Service Efficiency Target (including assumption that Fees and Charges are increased by at least 1%)

It is probable that the savings coming from the Base Budget Service Review, specific projects already identified and the Invest-to-save programme will take time to deliver both due to the complexity of some of the projects and the need to gain political approval. It is also assumed that as services will be allowed to present non-strategic service pressures, this will allow services to continue to review services to ensure they are being delivered in

the most efficient way. Monitoring these savings will be on a light touch basis - a basic pro-forma which is then discussed / presented at the service review meetings in the autumn.

5 Year Savings Plan - Base Budget Service Review

This process will be the most in-depth and time consuming. The results of the review will need to be monitored and delivered over a five-year timescale and change may require short term investment so there is some cross-over with the invest-to-save projects. The principle of this process will be similar to the Freedoms and Flexibilities and Cutting the Cloth exercises of a few years ago. The starting point will be an analysis of service budgets which will aim to identify service areas that are:

- a) Service areas that are linked to current Corporate Priorities and likely future priorities based on medium to long term Council and WG priorities (eg Homelessness)
- b) Statutory basis if known

This process should consider:

- a) Scope for commercialisation – charging / alternative delivery models – ensuring full cost recovery
- b) Scope for doing things differently – Business Process Re-engineering
- c) Areas that require financial benchmarking to ensure the level of service is at the appropriate level or charging position is comparable

The current plan is that documents are developed from May through to end of June in order for them to be sent out to services in July so the details of the information presented will be the subject of consultation during that period. The aim of the process is to provide people with the information required to challenge the way services are provided. Service meetings will initially take place from September to October in but regular meetings and monitoring will need to take place over the 5 year period.

5 Year Savings Plan - Invest-to-Save Fund / Specific Projects

It is recommended that an invest to save fund is started in order to help provide cash funding for projects. The initial funding for this will come from the Budget Mitigation Reserve which is likely to stand at £1m (although will need to wait until Final Outturn position is agreed). Key aspects would be:

- Proforma brought together by finance
- 1 to 3 deadlines during the year (eg July, October and March?)
- Budget Board would then consider requests
- Projects would need to generate savings in future years
- Investment would be considered for medium term savings also so cash investment could be in year 1 and 2 to deliver a base budget saving in year 3,4 or 5.

Communications and Engagement

Getting the communications right will be key to a successful; budget process going forward. The needs and level of involvement will depend on the stakeholder group:

Residents

Communications team came to the Budget Board in the Autumn to review what could be done last year and what a new process for 22/23 could look like. Communications will attend the Budget Board in April to finalise this aspect of communications and how it can link to existing plans such as the Resident's Survey for example.

Senior Leadership Team

Need to be updated on the proposed budget process and progress on Timetable.

- SLT Report / Briefing on 11th March.

Budget Process 2022/23

- Monthly updates put on the agenda (to coincide with monthly monitoring also)
- Formal SLT Briefing in the Autumn summarising progress and reviewing proposals
- Further SLT Briefings if required

Cabinet

Need to be updated on the proposed budget process and progress on Timetable and also agree interim and final proposals.

- Cabinet Briefing report on the process 12th April
- MTFs including timetable etc go to Cabinet in May/June 2021
- Monthly updates to Cabinet Briefing as part of finance update
- Cabinet Briefing in the Autumn summarising progress and reviewing proposals
- Further formal Cabinet Briefings if required

Wider Council Membership

Communications will be via Council Briefings, Workshops and Group Leaders:

- Council Workshop in June/July to include an update on MTFP, Budget Process and Capital Strategy and the issuing of a Budget Saving Ideas Proforma and the Budget Book – also offer of financial advice to inform proposals
- Council Workshop in late October (this will hopefully be after the Draft Settlement Announcement which is usually in the first two weeks of October. There may be a possibility of a further briefing if settlements/announcements are delayed or assumptions need to change.
- There will also need to be engagement with Group Leaders

Corporate Governance and Audit Committee

The CG&AC's role is centred on the Budget Process itself rather than any specific budget proposals. It is a vital step to give Council assurance that the process is robust and effective.

- Initial report on process in April
- Usually the Committee request a second report in the Autumn to report on progress

School Budget Forum

Head of Finance and Property or Chief Accountant will update the forum on proposed process and their impact on schools during the summer and autumn terms.

Trade Unions

Head of Finance and Property or Chief Accountant will update the Trade Union Local Joint Consultative Committee on proposed process and their impact during the summer and the autumn.

Local Businesses

Details of how local businesses are consulted on the budget proposals will be developed with the Economic and Business Development Team.

APPENDIX 1 – BUDGET TIMETABLE

Budget Timetable - 2022/23 - Tasks			Budget Timetable - 2022/23 - Timescales												
Description	Responsibility	Date	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
➤ Revise Budget Board Terms of Reference	Budget Board	April													
➤ Agree MTFP building blocks	Budget Board	March													
➤ Agree Budget/Process Timetable	Budget Board	March													
➤ Medium Term Financial Strategy	Budget Board / Cabinet	March to May													
➤ Initial Pressure Data Gathering	SLT	May to June													
➤ Dev. of Service Base Budget Review Docs	Finance / Legal	May to June													
➤ Issue Service Base Budget Review Docs	S151	July													
➤ Service Base Budget Review Sessions	Budget Board	September / October													
➤ Corp Governance Report (re Process)	S151	April & Autumn 2021													
➤ Invest-to-save Project Deadlines	Budget Board	July / October / Mar													
➤ Capital Strategy	Budget Board	March to September													
➤ SLT Engagement	S151	11th March / Monthly / Autumn													
➤ Cabinet Engagement	S151	May / Monthly / Autumn													
➤ Union Joint Committee Consultation	S151	July / November													
➤ Full Council Member Briefing	S151	May or June													
➤ Full Council Member Workshops	S151	July and October													
➤ Draft Welsh Government Budget	Welsh Government	Late Sept ??													
➤ Draft Settlement	Welsh Government	Early Oct ??													
➤ Final Settlement Expected	Welsh Government	Early December ??													
➤ Cabinet Approve Draft Budget	Cabinet	January													
➤ Council Approve Budget	Council	January													
➤ Council formally Approve Council Tax	Council	late February													

Key:

Governance

Critical for MTFP

Consultation

External