

## **FUTURE DEVELOPMENT PLANS WITHIN NEW MEDIUM TERM FINANCIAL STRATEGY**

We are making changes to the way our base budget is built up for 2006/2007 to help to improve the management capability of the Council. We will restructure our base budget so that each of our managers will have a clear cash limit, equivalent to their controllable expenditure, to which they will be expected to manage their budgets. At the same time we will strengthen the budget management framework and give managers greater flexibility to manage within their overall budget. Control over establishment is likely to remain in at least the short term until the discipline of budget management is embedded in the culture. If our performance as a Council is to improve it is vital that our budgets support accountable and empowered management.

We recognise the need to align our budgets with our priorities and show real progress in this area. Whilst the Root and Branch review will have a considerable impact on this re-alignment we cannot wait until 2007/2008 to align non-staffing budgets against priorities. We will, therefore, use the implementation period of Root and Branch to draw up detailed documentation and guidance to allow us to undertake a major review of expenditure against priorities to feed into a mid-year budget review in 2006/2007. The objective of this review will be not only to align our budgets with our priorities but also to set explicit service standards that we expect managers to use their budgets to deliver. This will further develop and support our new Performance Management framework.

Managers have prepared Service Plans for each of our operational units. These concentrate very much on the short-term and immediate issues. These Service Plans will help to inform the roll-forward of the base budget, service accountants are currently reviewing them to pick up on immediate unavoidable issues. In order for us to develop our medium and longer term strategies it is necessary to introduce another tier into the planning framework between the Corporate and Recovery Plans and current Service Plans. Director level Strategic Recovery Plans will provide the necessary focus on outputs and priorities to drive the current service plans which will need to focus on implementation in order to feed team and individual plans.

The Directors Strategic Recovery Plans will comprise the following key elements

- Overall human resource envelopes and priorities for delivery of Phase 2 of Root and Branch.
- Medium and longer-term priorities and targets for individual service areas.
- Review of current outputs and alignment with priorities and proposals for re-aligning resources to corporate objectives, including measurable outputs.
- Proposals for improving value for money and delivering Gershon efficiencies.
- Endorsement from the relevant Portfolio Holders

Given that these plans will be key to driving forward and implementing our recovery, there will need to be high level corporate and democratic approval processes built into their agreement and finalisation before they can input into service and budget planning. The Directors' Strategic Recovery Plans will drive the development of budget proposals to feed into the Mid Year Budget Review and key to achieving re-alignment of our budgets to reflect priorities.

In order to inform the Directors' Strategic Recovery Plans, an exercise will be carried out to bring together Service Plan information, Performance Indicators and re-presented Budget information to identify the current contribution our service areas are making towards the Corporate and Recovery Plan priorities, including the outputs, outcomes and performance levels currently being achieved. This exercise will provide a comprehensive picture of the current relationship between inputs and outcomes and will allow informed decision making on reallocation of resources. This will be the first phase of moving to budgets that are built up based on expected output and performance levels and will help to ensure that our budgeting processes support our new performance management framework.