

PRIORITY BASED BUDGETING – DELIVERY ON PRINCIPLES

1. Introduction

Based on the output from the Priority Based Budgeting (PBB) Elected Member Workshop in August 2015 the Council considered and approved Report 348/15 which set out a broad budget strategy for 2016/17 and beyond. The agreed strategy was based around a number of principles which officers were reminded to try to ensure were achieved in preparing a draft budget package for the Council. At its meeting on 8 September 2016 (report 330/16 refers), the Council agreed to retain the Policy Based Budgeting approach for the 2017/18.

This paper considers how the proposed budget package for 2017/18 meets the principles set or where this is not the case gives reasons why it has not been possible to meet the principles in full.

Angus Council's financial challenges have never been more acute. The Council is in the midst of a long term and significant reduction in funding for public services which will fundamentally change what services we can provide and how we provide them. Delivery of all of the PBB principles against this backdrop has therefore proved very difficult.

The bullet points in Sections 2-4 reflect what Members agreed should be captured/delivered in the draft budget package for 2017/18. A brief commentary on each of these is provided which reflects the extent to which these have been achieved based on the budget proposals being presented to the Council.

2. Strategic Principles

Be framed to achieve the aspirations and commitments set out in the Single Outcome Agreement (SOA) and Council Plan and explain in broad terms how this will be done and what impact it will have.

Commentary

The budget package should allow the commitments in the SOA and Council Plan to be delivered because the focus of new savings options is mainly on the transformation programme and strategic change to how we deliver services. Where possible the package prioritises those services and ambitions in the SOA/Council Plan. The budget package also recognises the need for additional investment in key areas.

Ensure that joint resource planning with Community Planning Partners is undertaken and the implications of this are reflected in the draft budget proposals for the Council.

Commentary

Joint resource planning around the Integrated Joint Board is a key feature of the budget proposals. Joint resource planning in general has however been hampered this year because of the lack of detailed information on the Finance Settlement. Joint resource planning and asset planning is led by the Angus Community Planning Partnership (ACPP) Resources Group. Limited joint budget planning has been possible beyond these areas for 2017/18 to date but further discussions through the ACPP Resources Group will ensure partner budget strategies are aligned as far as possible.

Support delivery of Directorate Improvements Plans to 2019 for each Council Directorate

Commentary

Directorate Improvement Plans (which will be submitted to Committees later this year) will be developed in line with the budget proposals.

Ensure the implementation of existing Transforming Angus (TA) change initiatives to maximise the financial value and service outcome benefits from the change programme.

Commentary

The TA programme is central to the budget proposals and the achievement of future budget savings which will be required. Resources for TA work are earmarked in Reserves.

3. General Principles

Enable the Council to set a legal and balanced 2017/18 revenue budget which puts the Council's finances on a sustainable footing for the medium term

Commentary

The budget proposals will allow the Council to set a legal and balanced budget for 2017/18. The proposals for 2017/18 seek to balance the need for investment in services now with the need to provide financial flexibility into the future. The use of one-off Reserves to balance the budget is not ideal and will make the challenge of balancing future budgets more difficult. This approach is however unavoidable for 2017/18.

Enable the Council to set an affordable, prudent and sustainable capital investment programme which ensures investment continues to be made in the school estate, core infrastructure, technology and affordable housing

Commentary

The budget proposals achieve this based on the final proposed areas for investment in the capital plan and confirmation the plan is affordable looking at our 25 year affordability assessment.

Maximise the revenue budget savings which can be achieved from efficiency programmes and service redesign so as to restrict any reduction in service quality for customers to that which is unavoidable due to the Council's financial pressures

Commentary

The whole ethos adopted in preparing the budget proposals has been to maximise efficiency savings and limit negative effects on services. It hasn't however been possible to present a budget package which avoids some negative impact on services – this is unavoidable given the scale of financial gap requiring to be addressed to balance the budget.

Ensure financial capacity exists for projects and proposals of an invest to save nature.

Ensure that sufficient resources are in place to make sure the savings needed from the Transforming Angus Programme can be identified and begin to be delivered, particularly: Agile Angus, Angus Digital, Help to Live at Home, Procurement and Channel Shift.

Commentary for both bullet points

Resources have been earmarked within reserves in respect of the TA Programme, and resources are included in both the revenue and capital budget proposals to support invest to save projects and the change programme. The projects listed feature in the list of Tier 1 Review savings albeit some have modest savings against them for 2017/18 because of where they are in their stage of development.

Protect/increase as far as possible spending and activity which is clearly preventative in nature.

Commentary

The investment bids recommended for approval include a number of items which are preventative in nature including the proposals around fostering allowances and Friday Night Youth Work Projects.

Be framed so as to manage the key strategic, operational and budget risks facing the Council.

Commentary

The balance of risk to be accepted is central to any budget setting and not all of the potential budget pressures and cost risks are proposed to be provided for in the budget, partly due to affordability but also due to the uncertainty over whether those risks will materialise. Directors have updated their Risk Registers and associated action plans in their Directorate Improvement Plans and the overall management of risk within the budget has been subject to review in finalising the budget proposals.

Avoid taking a one year only view and be based on a medium term outlook particularly with regards to delivery of budget savings and identification of savings programmes and options.

Commentary

Although members are being asked to set a full and detailed revenue budget only for 2017/18 this is framed in the context of a 3 year savings strategy based on the expectations for savings from Tier 1 Reviews and the remaining funding gap. The capital budget proposed is a 5 year plan. The Council's ability to prepare a 3 year budget strategy has been significantly hampered by the lack of information on our grant allocations beyond 2017/18 and a financial settlement for 2017/18 which was worse than expected.

4. Conclusions

Based on the above commentary the 2017/18 budget package proposed delivers much of the principles which members have endorsed through the Priority Based Budgeting (PBB) process. It has not however been possible to shift resources on a significant scale because of the size of the funding gap, unavoidable budget pressures which need to be addressed and the constraints around statutory duties and Scottish Government policies on teacher/pupil ratios. The budget package recommends those savings considered to be the most palatable and recommends budget uplifts to recognise unavoidable cost pressures in key areas of service to the public. The savings proposals are based on a recognition that the options put forward will be unavoidable choices over the next 2-3 years.