

# BUDGET PROCESS

## PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

12TH OCTOBER, 2006

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### Wards Affected

County-wide

### Purpose

To note the Council's approach to budget setting for 2007-08.

### Key Decision

This is not a Key Decision

### Recommendation

**That the approach to establishing the budget for 2007/08 as set out in the draft Medium-Term Financial Management Strategy be approved.**

### Reasons

Herefordshire Council is committed to sustainable improvements in services. The budget setting process is a key element supporting the move to excellence in financial planning and management with a Medium Term Financial Management Strategy (MTFMS) that makes sure cash resources follow corporate priorities.

### Considerations

1. The budget process for 2007/08 is the first to have been preceded by a comprehensive Medium-Term Financial Management Strategy (MTFMS) providing the financial context to corporate and service planning. The MTFMS provides the framework for ensuring cash resources are linked to corporate priorities and that corporate and service planning is undertaken in the context of the likely level of resources available. Wide consultation has been undertaken and the methodology has received good support.
2. The Cabinet agreed the consultation draft MTFMS on 13th July 2006. It was used to inform the 'ground rules' that Directors were asked to follow in developing their 3-year services delivery proposals that will feed into the Corporate Plan for 2007 – 2010.
3. A members' seminar was held on 17th July 2006 to brief all councillors on the draft MTFMS and the key role it has to play in the new integrated performance improvement cycle and the nature of the ground rules being used to develop service delivery proposals.

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Further information on the subject of this report is available from  
David Powell, Head of Financial Services 01432 383173

4. Cabinet will consider the emerging issues for the Corporate Plan 2007 –10 on 26th October 2006 alongside an updated MTFMS covering the 3-year period. The Strategic Monitoring Committee will have had the opportunity to comment on these reports at their meeting the previous week.
5. Having set the 3-year service strategy, work will then move on to developing the Annual Operating Plan for 2007/08 and the detailed budget for the year. This will take place in January / February 2007. The Strategic Monitoring Committee will also have an opportunity to comment on the more detailed service and budget plans before Cabinet receives them for decision.
6. The above process was described in the draft MTFMS document and is designed to ensure that time-consuming 'bidding' for a small amount of resource through the Budget Panel process of previous years is avoided.
7. Further members' seminars were suggested in the draft MTFMS to ensure that all councillors have the opportunity to acquaint themselves with the key corporate and financial issues. Briefing sessions are also available to Group Leaders and Chairs of Scrutiny Panels if the members concerned so wish.

## **Alternative Options**

There are no alternative options

## **Risk Management**

The draft MTFMS outlines the corporate risks along with management actions to minimize the likelihood of those affecting the Council's future plans. Risk registers are in place to support the identification of relevant factors and are regularly updated.

The approach to budget setting now adopted links corporate and service plans to financial planning. This approach is a way of managing risk by moving to a medium term financial framework rather than an annual one that places less emphasis on planning for the future.

## **Consultees**

None identified.

## **Background Papers**

Medium Term Financial Management Strategy.