

LINKING THE GERSHON PROCESS TO THE BUDGET PREPARATION PROCESS

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- Dorset the worst funded County Council (in terms of Government grant per head)
- Budget overspends in recent years (Adult and Children's Services mainly)
- High house price low wage economy
- Large elderly population, low school population
- Continuing demand for improvements to services
- But continuing pressure to restrict rises in Council Tax
- Member desire to maximise the use of current resources
- £20M funding gap identified over next 3 years

Current DCC Efficiency Review process



- Local efficiency review process started in June 2004 (pre Gershon)
- Involves a fundamental review of all budgets with no area outside the review process
- Project team approach with brief for all reviews
- Member involvement through Efficiency Review Steering Group (ERSG)
- Innovation Fund established for Invest to Save initiatives
- 'Matrix' of performance / statistical information database to inform decisions on future reviews
- Also high level Budget Review process introduced to address the £20M problem



- Currently efficiency process is largely budget driven – i.e. mainly about identifying cashable efficiencies
- We have more difficulty capturing non-cashables
- Efficiency savings template developed
- Efficiency register recording the evidence
- Our process for recording savings is pretty good, but I'm sure we are not capturing all that is happening

Budget Process



- Cabinet agree a Medium Term Financial Plan in June / July
- Directorates asked to submit budget bids
- Cabinet decide level of efficiency savings and allocation of available resources
- In recent years starting point is all directorates having to meet a 1½% budget reduction, as well as meeting commitments (e.g. increments), and any other non funded service pressures
- Cash limited budget targets set for each cost centre November / December
- Often late changes to avoid difficult to deliver service cuts
- As part of final reconciliation of Directorate budgets, cost centres prepare an analysis of budget variations including details of savings / efficiencies claimed



Resource Allocation Model



- In 2007-08 we are using a different approach to budget preparation through use of a resource allocation model
- No budget bids will be sought
- A number of key budget drivers will be applied to cost centre budgets
- Allocations will be scaled back to available resources
- 1½% across the board cut still required to provide a fund for allocation to priorities
- Cash limited budget control totals will still be issued for each directorate
- An analysis of savings / efficiencies will still be required



How does all this fit in with Gershon?



- Complements it in some ways, but current efficiency reviews primarily focused on balancing the DCC budget
- Gershon proposals are more wide ranging with greater restrictions on what counts
- Would we really be as interested in 'non-cashables' if it wasn't for Gershon?
- Hints that Spending Review 2007 will impose much stricter efficiency targets



Issues for Dorset for the future



- Our current review process too time consuming
- Directorates still not fully engaged in the process – not yet embedded
- Having cherry picked the easy ones where are the next batch of savings coming from?
- How to count budget cuts as Gershon savings
- Engaging with heads of service / other bodies
- Look for opportunities to collaborate
- Engagement of all in the Council's change programme



Any questions before workshop session ?



Improving the quality of life for people in Dorset, now and for the future



So how do others get over the problem



1. Does Gershon have to be part of Budget process, or is the Budget part of the Gershon process?
2. How do authorities capture savings identified as part of the budget process?
3. How do authorities assess whether a budget saving / cut can count as a Gershon savings
4. Do authorities have processes in place to strip out (harvest) of directorate budgets savings derived from central initiatives. How do people do it
 - i. Should we do it (if target set is harvesting the double whammy)
 - ii. Is it fair
5. Do authorities place restrictions on the type of savings that can be counted towards budget targets?
6. What arrangements do authorities have in place for ensuring that budget savings claimed, are actually delivered?
 - i. Budget is a forward plan
 - ii. Does it matter if savings are delivered in a different way (may be non Gershonable)
7. How do those charged with complying with the Gershon process ensure that they are kept aware of budget savings that are Gershonable?
8. How do authorities link their efficiency review process to the budget process
9. Budget process tends to only engage small number of staff
10. Tends not to involve non-cashables – or do other authorities collect non cashables as part of the budget process
11. How do authorities capture efficiency savings relating to capital initiatives

