

## **Appendix 6**

### **Business and Budget Planning Framework**

#### **Introduction**

1. The Council will implement a new Business and Budget Planning approach for 2024/25 that will be closely aligned to the Medium-term Financial Strategy (MTFS). It will be built around:
  - The development of a new City and Corporate Plan
  - An overall Council wide Business Plan and MTFS
  - A single integrated Transformation Plan
  - Clear service plans (including savings delivery plans)
  - A renewed focus on budget management and accountability
2. This Appendix sets out the Framework for corporate, business, and financial planning at Southampton City Council. It sets out the principles, approach, and timetable for implementing the Business Planning approach during 2024-25.
3. The Framework will be closely aligned with our Medium-Term Financial Strategy (MTFS) to secure financial stability, transformational change in how we deliver services, and continue to deliver efficiencies and savings. This will include reducing and eliminating the structural revenue budget deficit within the Council finances.
4. Once these immediate aims have been secured, we will then work towards:
  - Three-year Business Plans reviewed on annual basis; and
  - A ten-year MTFS, updated annually and including long term growth and investment ambitions.

#### **Principles**

5. The Business and Budget Planning Framework is founded on a set of key guiding principles as set out below:
  - Setting out clear, deliverable, and robust business plans that reflect Council priorities and affordability, as set out in the refreshed Corporate Plan.
  - To manage performance and delivery – both service and financial – at Council, Directorate and Service levels creating a golden thread for delivery and performance, helping to embed the one council approach.
  - Securing and delivering in-year and future years' savings and updating budgets and service plans, working strictly within a cash limits regime.
  - Alignment with and reflective of the Council's Medium Term Financial Strategy (MTFS)
  - Transforming how the council organises itself and how it delivers services through a comprehensive Transformation Programme
  - Over time, develop a longer term financial, investment and growth plan reflecting priorities for the City's development.
  - On-going involvement and engagement with Cabinet and elected members at each stage of the development of the Framework, including regular progress reports.

#### **Council wide Business Plan and MTFS**

6. A review of the council's existing Corporate Plan has agreed a more focussed set of corporate goals from 4 to 3 with defined outcomes and objectives. This will form the basis the Council Business Plan over the next 12 months.

7. The Council Business Plan will therefore articulate how the corporate goals and priorities in the refreshed Corporate Plan will be delivered, set within the context of the council's current and projected financial position.
8. It will set out practical steps including governance, progress reporting and milestones. It will include the Transformation Programme scope, targets and timeframe.
9. The Business Plan will also reflect the individual Service Plans and Directorate summaries.
10. The MTFS sets out the Council's financial projections and the assumptions these are based on for the next four financial years to 2027-28. It shows that without action, the forecast budget shortfall will increase from £39.2m in 2024-25 rising to £47.9m in 2025-26 and to £70m by 2027-28.
11. It is therefore critical that delivering the MTFS is a core part of the Council Business Plan, and that it demonstrates how this structural budget deficit will be closed through a combination of transformation, on-going savings identification and delivery, and budget management and accountability.

### **An Integrated Transformation Plan**

12. The Budget Report sets out plans for a Transformation Programme to secure and implement savings required to close the structural budget deficit facing the Council. The gap we have will need an approach that continues with business-as-usual savings as well as transformational savings. The business plans will need to support this approach.
13. The Transformation Programme will be scoped and mobilised in the early part of 2024-25. It will include both existing and new programmes and projects designed to transform how the council works, how we engage with our residents and businesses, and improve efficiency.
14. The scope of the programme is currently in development but is likely to include service review and re-design, new service operating models, technology enabled change and efficiency, asset rationalisation (see ADDP below), procurement and third party spend, income generation and partnership working (including with health and the voluntary sector).
15. It will also include enabling activities that will include a major programme to improve financial management across the organisation and finance function effectiveness, to implement recommendations made by CIPFA. The first of which being this combined business and budget planning framework, in line with CIPFA financial management model of best practice.
16. Governance will be through the Executive Management Board, with regular reporting and progress updating provided to Cabinet and elected members.

### **Service Plans**

17. There will be a requirement to produce Service Plans (at Head of Service level) for all the main service areas of the Council. These will set out:
  - Scope and service description
  - Staffing establishment
  - Main contractual arrangements (where services wholly or partly delivered by third party organisations)
  - Income sources (where appropriate)
  - Service metrics
  - Business improvement and development plans
  - Budget (including planned savings and efficiencies)

18. In relation to savings and efficiencies, the Service Plans will set out clearly how the savings plans are being implemented and identify additional in-year and future years' savings opportunities.
19. Service Plans will be summarised at Directorate level, which in turn will form part of the overall Council Business Plan. Relevant cabinet members will be consulted as the service plans are developed and finalised.

### **Budget Management and Accountability**

20. In constructing the budget for 2024/25 cost pressures of £42.0M have been included. This is to ensure that service and operational budgets are right sized for the current level of operations, demands and pressures upon them. This means that areas of historic over-spend have been effectively re-based to enable budget holders to manage within the resources allocated. These are the cash limits for the financial year ahead.
21. To further promote good financial management, Accountability Statements will be produced for all budget holders setting their responsibility to manage budgets and to take action to mitigate budget pressures where overspending is forecast. The Cabinet Report of 29 November 2023 set out a draft statement and made it clear this would be introduced from 1 April 2024 in a supportive way with necessary training, advice and support provided to budget holders.
22. Budget Statements will be issued to budget holders ahead of the commencement of the new financial year. These will set out the overall service budget and movements since 2023/24. This will include cost pressures that have been recognised in preparing the budget and the agreed savings.
23. Each budget holder will sign an Accountability Statement confirming their responsibility to manage expenditure (and where appropriate income targets) within these budgets.
24. Budget management will be based on monthly reporting, commencing from Month 1. Any actual or forecast over-spending against the profiled budget will be reported through the Budget Review Panel (see Governance below). In such cases a remediation plan will be required including proposals and an action plan to get the budget back under control.
25. This monitoring will also apply to agreed savings that have been built into service budgets, with any risk or forecast of non-achievement will be similarly reported and plans to get savings back on track will be required.

### **Governance**

26. The overall business planning process will be overseen by the Chief Executive and the Executive Management Board, in consultation with the Leader and Cabinet. Regular progress updates will be presented to Cabinet, OSMC and Council.
27. The Transformation Programme and Plan will be overseen by a Transformation Board which comprises the Executive Management Board. This will include regular project updates, business case signoffs and monitoring of savings delivery.
28. A Budget Review Panel, including the Chief Executive (Chair) and Executive Director Corporate Services (s151 officer) will be scheduled to meet monthly to review budget variations and agree remediating actions.
29. The Leader and relevant cabinet members will be consulted on any areas of concern in-year and on remediation plans agreed.

## Timetable

30. The key dates and milestones for the financial year ahead are set out in Table 1 below:

Item	Description	Date / Milestone
Launch Business Planning 2024/25	Communicate timeline, expectations, and responsibilities. Working Group established	1 April 2024 March 2024
Refresh Corporate Plan	To set context and priorities to inform business planning, including financial context	March 2024
Service business plans	2024/25 service business plans agreed Service Budgets issued (cash limits for budget holders)	2024
New city and corporate plan	Start of developing the new city and corporate plan for 25/26 onwards	April 2024
Revenue and Capital Monitoring	Commencing Month 1 including Budget Review Panel	From May 2024
Transformation Strategy and Plan	Integrated Transformation Plan including scope, timelines, resourcing and cost, and targets	
MTFS Review	Quarterly review and update including in year revisions. Q3 update forms basis of 24/25 Budget	Quarterly Starting 1 July 2024
Council Business Plan	Draft for consultation and Review Includes Transformation Plan, strategic outline business cases and updated MTFS. Report to Cabinet	By July 2024
Draft Service Plans	At Head of Service Level, with Directorate summaries	By end July
Productivity Plans	As required by DLUHC, and based on Business Plan and Transformation Strategy/Plan	July 2024
MTFS and Revised Budget	Budget update to include agree new in-year savings, including consultation requirements. Transformation Outline Business Cases Cabinet Report	September 2024
Council Business Plan and Service Plans	Final for publication Cabinet and Council Reports	September 2024
Draft Budget 2025/26	MTFS update including draft budget 2025/26 Full programme business cases agreed.	November 2024
Draft City and Corporate Plan	Cabinet Report	
Budget 2025/26 and MTFS to 2028/29	Cabinet and Council – Final	February 2025
Business Plan (refresh for 2025/26)	Cabinet and Council	February 2025
Transformation Plan (refresh for 2025/26)	Cabinet and Council	February 2025

## **Productivity Plans**

31. In the Finance Settlement of 5<sup>th</sup> February 2024, DLUHC announced a requirement for local authorities to publish productivity plans by July 2024. The government has stressed that these are likely to draw on existing work done by councils and should be short. Nevertheless, they have defined the scope of these plans and a requirement to set out implementation milestones. The Productivity Plans need to cover four main areas:
  - Transformation of services to make better use of resources.
  - Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.
  - Ways to reduce wasteful spend within systems.
  - Barriers preventing activity that Government can help to reduce or remove.
32. The plans need to be agreed with council leaders and elected members so will be reported to Cabinet and Council and published on the Council's website.
33. Given how closely this requirement is to our plans for business planning and transformation, it would be sensible to include the preparation of these productivity plans in our Business Planning Framework, to avoid additional and potentially duplicating work.