



## Budget Delegation

05 April 2005

Report to the City Council

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# Social Care and Health - Delegation of Budget Management to the Area Directors and their teams with effect from 1 April 2004

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Further copies of this report can be obtained from:

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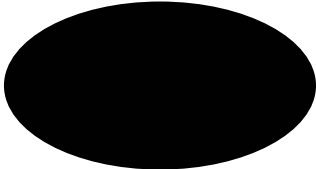
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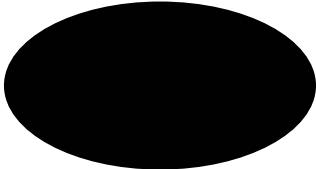
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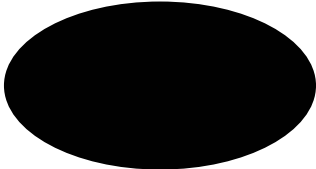
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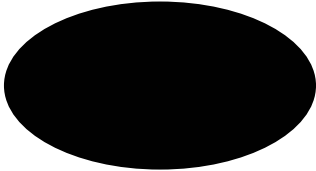
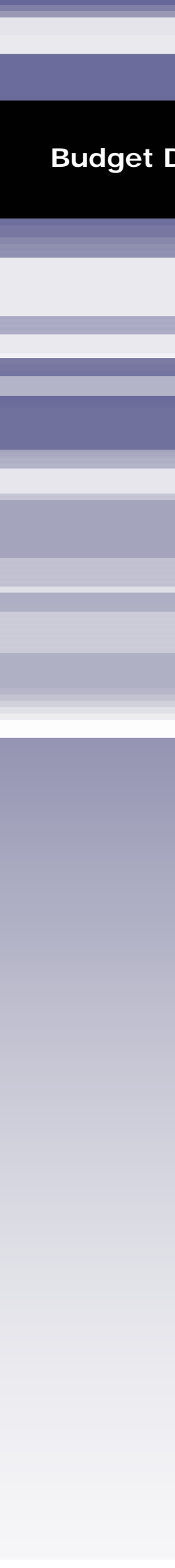


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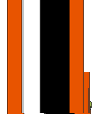




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## 4 Findings

### 4.1 Introduction

4.1.1 The review group's findings can be categorised into four areas:

- Delegating the budget to the areas
- Policies and Practices
- Management Arrangements
- Information

### 4.2 Delegating the Budget to Areas

4.2.1 Budgets were delegated to the areas and strategic functions from 1<sup>st</sup> April 2004. Detail regarding the budgets held by each of the Areas and the strategic centre are contained in Appendix 4.

4.2.2 In allocating the budget to the Areas, the Directorate had three options:

- A formula-based approach using the same indices developed by Central Government to allocate resources to the City Council.
- Allocation based on historical spend patterns.
- Adopting a zero-based budgeting approach based on agreed priorities and identified need.

4.2.3 The decision was made to adopt the Government formula approach. This was not supported by detailed activity plans at an area level. In retrospect it would appear that the historical spend pattern approach would have been more appropriate given the restructuring of the Directorate.

4.2.4 Having agreed the Government formula approach, the Area Directors were clearly committed to work together to manage any unforeseen overspends in one area of service delivery by offsetting any underspends in other service/area budgets. A contingency budget for the Directorate was not in place. Given the budgetary pressures faced by the Directorate in the current year, it has not been possible to demonstrate whether collaborative working across areas would have resulted in the effective management of budgets.





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### 4.4 Management Arrangements

- 4.4.1 The devolved financial management arrangements placed area finance teams under the management of Area Heads of Resources, who reported directly to an Area Director. Concern was expressed about whether this was the most appropriate arrangement and consideration was given to whether Heads of Resources should report to the Assistant Director of Finance. Indeed, whether the Assistant Director of Finance should report to the Strategic Director of Resources at the corporate centre.
- 4.4.2 The complexity of the management arrangements for Heads of Resources is exacerbated further by their other areas of responsibility, i.e. human resources which have on occasion distracted their attention away from their core task of financial management and accountability. There is a tension between their finance function and their other business support functions.
- 4.4.3 There has been a notable success as a result of the insistence that monthly budget holder meetings are held. Though it was noted that it would be beo8





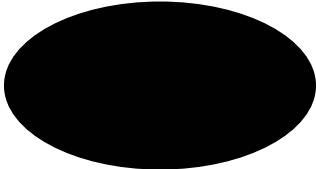
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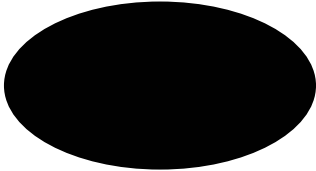
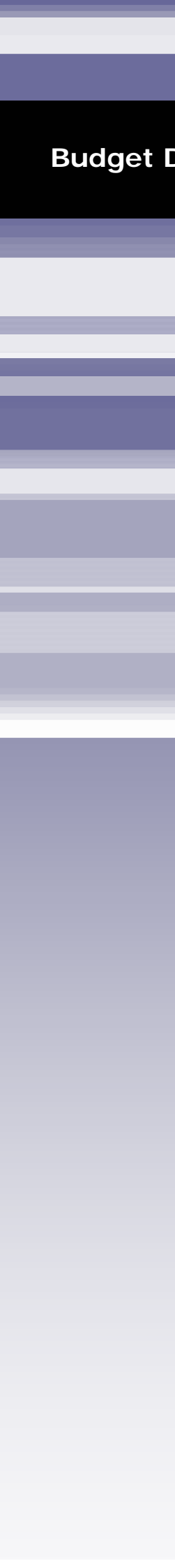
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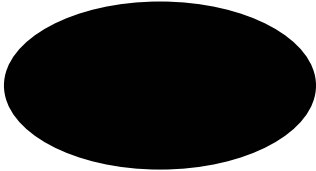








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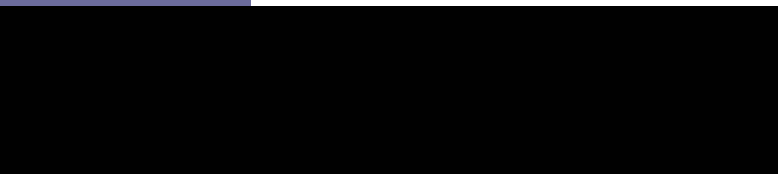
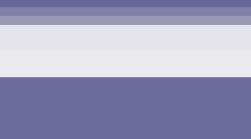




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