

## Agenda Item No. 6

### West Midlands Regional Assembly Board of Directors – 8<sup>th</sup> December 2006

#### Draft Business Plan & Budget

#### Report of the Chief Executive

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##### 1. Purpose of Report

To share with the Board the first Draft Business Plan and Budget 2007-08 as will be submitted to Government Office for discussion as part of the business planning process.

##### 2. Recommendations

- 2.1 That the Board delegates authority to the Chief Executive in consultation with the Chairman, Vice Chairs and Secretary to progress the business planning process with a view to providing a Final Draft Plan for the Assembly's approval at its meeting on 17 January 2007.
- 2.2 The Board supports a request to DCLG for a legal contingency fund carry forward into 2007-08.

##### 3. Background

The Assembly has drafted detailed work plans for 2007-08 to support operational management processes and from which this strategic plan has been drafted. The budget is set in accordance with expected allocations from DCLG, but this will not be confirmed until March 2007.

The timetable for the planning process is;

- |                                     |                  |
|-------------------------------------|------------------|
| ▪ Draft Plan to Government Office   | 11 December 2006 |
| ▪ Review Meeting with GOWM          | 14 December 2006 |
| ▪ Submission of Final Draft Plan    | 12 January 2007  |
| ▪ Assembly approve Final Draft Plan | 17 January 2007  |
| ▪ Final Review meeting with GOWM    | 25 January 2007  |
| ▪ Submission of Plans to DCLG       | 14 February 2007 |
| ▪ Submission to Ministers           | 9 March 2007     |
| ▪ Funding Allocation Letters issued | 15 March 2007    |

#### 4. **Business Plan**

The 2007-08 Business Plan is a more concise document than previous years at the request of DCLG, and as such we are focussing on key strategic activities which have been extracted from more detailed work plans.

The Board may wish to note that a separate 'Regional Partnership Review' will take place over the coming months and its findings may require some adjustment as to the priorities of both organisations' business plans.

The Draft Plan submitted today is incomplete in respect of the final section (pg 37) for expected expenditure and activity for 2008-09 and 2009-2010. DCLG have asked us to identify the impact of a number of funding scenarios;

- Flat cash budget (no change)
- Reduced budget by 2.5%
- Increased budget by 2.5%

This section will be completed after discussion at ERN on 12 December as to a collective approach to this requirement.

#### 6. **Draft Budget**

The draft budget (pg 34) covers **DCLG funding** for both the Assembly and Regional Housing Executive together with other known partner contributions for 2007-08 work programmes.

Whilst there are very real **staffing** resource constraints within the Assembly Secretariat, there has been no increase in the establishment in light of the impending outcomes from CSR2007.

The majority of expenditure (aside from staffing) is focused on the **RSS Revision** processes (which now also includes the State of the Region Report within the monitoring activity).

The funding for the **RHE** is the second year of a 2 year funding commitment and expenditure shown as [25a] is from core Assembly funding in respect of the policy lead activity.

One cautionary note would be in respect of the potential **legal costs** that may result from the Coventry Airport Cost Application. A legal decision is not expected until Spring 2007 and this budget plan does not have the capacity to provide for

any potential costs in this respect. The legal budget of £27,000 is for general costs that may arise from planning activities.

Whilst DCLG permitted Assemblies a small contingency carry forward of £6,000 last year, they did allow WMRA a more significant figure of legal contingency which has been used to meet costs of the Coventry Airport inquiry in 2006-07. We would wish to seek DCLG approval to carry forward again any unspent legal budget into 2007-08 to help meet any potential claim.

The **Energy West Midlands** funding previously managed by the Assembly is now being managed by AWM.

**Olwen Dutton**

Chief Executive

West Midlands Regional Assembly