

Agenda Item No. 5

WEST MIDLANDS REGIONAL ASSEMBLY Assembly Meeting – 17 January 2007

Draft Business Plan & Budget

Report of the Chief Executive

1. Purpose of Report

- 1.1 To present the Final Draft Business Plan and Budget 2007-08 to the Regional Assembly for approval.

2. Recommendations

- 2.1 The Assembly endorse the Draft Business Plan and Budget 2007-08 as submitted to Government Office on 12 January 2007.
- 2.2 That the Assembly delegates to the Chief Executive in consultation with the Regional Partnerships Secretary, Chair and Vice Chairs, authority to make such modifications as are necessary to the final draft document following any final feedback from DCLG at the review meeting on 25 January 2007.
- 2.3 The Assembly supports the Board's request to seek DCLG approval for the balance of the legal contingency fund to be carry forward into 2007-08 pending the outcome of the Cost Application in respect of Coventry Airport.

3. Background

- 3.1 This Business Plan has been drafted from a set of detailed work plans that the Secretariat has drawn up for 2007-08 to deliver statutory functions, the broader work programme and to support operational management processes. The budget has been allocated to deliver the work programme priority outcomes. Whilst the Assembly funding is based on guidance from DCLG this figure may yet be amended by Government and we would then need to revisit this work programme to identify any necessary cuts.

3.2 The business plan process remaining is;

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| ▪ Assembly approve Final Draft Plan | 17 January 2007 |
| ▪ Final Review meeting with GOWM | 25 January 2007 |
| ▪ GOWM Submission of Plans to DCLG | 14 February 2007 |
| ▪ Submission to Ministers | 9 March 2007 |
| ▪ Funding Allocation Letters issued | 15 March 2007 |

4. The Draft Plan

4.1 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. Each action within the work strands has a measurable output (KPI) and a clear outcome or impact on the ground. An overview of priorities for 2007-08 are set out from page 14.

4.2 The Guidance provided by DCLG asked Assemblies to not only establish a budget for 2007-08, but to also estimate expenditure and activity for 2008-09 and 2009-2010 under three scenarios;

- Flat cash budget (no change)
- Budget reduced by 2.5%
- Budget increased by 2.5%

Forecasting future activity is always problematic for Assemblies, but then the added complication of varying budgets and the uncertain impact of CSR2007 make it almost impossible. We have therefore sought to provide some narrative (page 44) as to the impact of these scenarios rather than trying to quantify which aspects of our work programme would suffer the impact of budget cuts.

In terms of additional funding, well this is really only helping us to keep pace with natural cost growth and inflation but we have identified work around housing numbers, climate change, equalities/diversity, community cohesion and scrutiny where we would focus additional funding.

- 4.3 For this plan we have also conducted a very comprehensive risk assessment of all our work activities. It will be the role of the Audit Committee to monitor this register (page 46) but some clear messages are already emerging; a general concern about lack of resource to deliver such a broad ranging and ambitious work programme, and the danger of inadequate stakeholder engagement due to similar resource issues amongst our partners.
- 4.4 We are delighted to report that the Assembly's budget and work programme is still a catalyst for generating greater partner involvement and financial support, and this is clearly demonstrated by the level of known partner commitments highlighted within this Plan.
- 4.5 Assembly members will also be aware that a separate 'Regional Partnership Review' is taking place over the coming months and its findings may require some adjustment to the priorities of both organisations' business plans. GOWM have been made aware of this work and its potential impact on this Plan.

5. Draft Budget

- 5.1 The draft budget for 2007-08 (pg 40) shows the total amount of funding coming into the Assembly and its allocation across planning and non-planning activities. This table also shows the anticipated split across the two DCLG bid claim periods.
- 5.2 Anticipated DCLG funding for the Assembly in 2007-08 is £2,423,712 and for the Housing Executive is £93,790 (£2,517,502) with an additional £194,687 cash contributions and in-kind support from around the region of in excess of £200,000.
- 5.3 Following on from the closer integration of the secretariat functions supporting the Assembly and West Midlands LGA, this budget has been drawn up to deliver efficiency savings wherever possible. However whilst, there are very real staffing resource constraints across both organisations, there has been no real increase in the establishment in light of the impending outcomes from CSR2007.

- 5.4 The priority for expenditure in 2007-08 is in supporting the RSS Revision phases (which now also includes the State of the Region Report within the monitoring work strand), with partner contributions helping us to deliver against our policy areas of health, forestry and rural.
- 5.5 The funding provided from DCLG for the Regional Housing Executive (RHE) is year 2 of a funding commitment and we have now therefore brought all housing activity together under a single work strand. Expenditure on RHE also includes £25,000 of Assembly funding and £85,000 of partner contributions.
- 5.6 A legal budget of £27,000 is only sufficient to meet general costs that may arise from planning activities and require us to take a new approach to public inquiries; this Assembly will provide written advice/evidence to the inquiry and a robust conformity process, but will not attend the inquiries in public.

At this time we have still not yet had an outcome from the cost application in respect of Coventry Airport and we will be writing to DCLG to seek their approval to carry forward any unspent legal contingency into 2007-08.

- 5.7 The **Energy West Midlands** funding previously managed by the Assembly is now being managed by AWM and is therefore no longer a feature of our Business Plan.

Olwen Dutton
Chief Executive
West Midlands Regional Assembly