

# Sedimentary Budgeting

Publicly funded organisations tend to carefully scrutinise new spending proposals. Intense competition for finite resources means only the very best ideas share in the limited new funding available. Meanwhile, less effective legacy programs can carry over year to year, going unexamined and ever more embedded below the surface. The longer these programs calcify, the harder they are to chip away to make room for more promising new proposals.

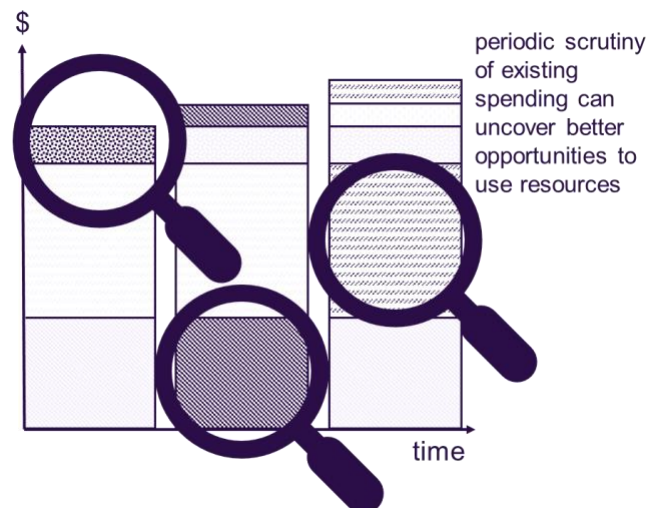
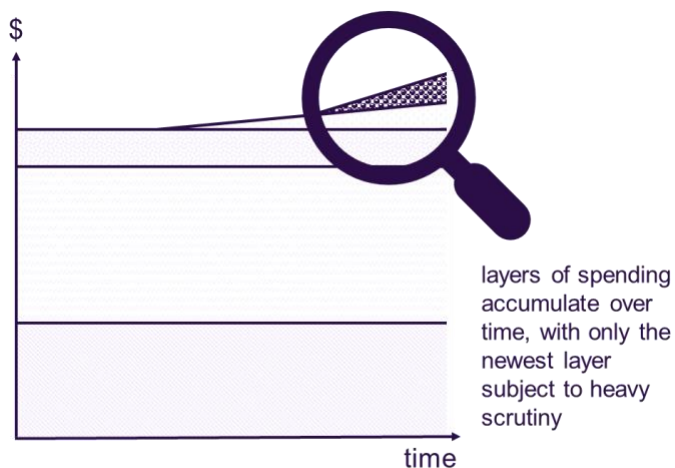
In publicly funded organisations, programs funded with new money typically reflect the priorities of current decision makers and respond to contemporary needs, and therefore draw more attention. Well-established methods, such as cost-benefit analysis, are used to rigorously evaluate new spending proposals and formal governance bodies examine each proposal on its merits before allocating scarce resources.

Ongoing operational expenditure tends to receive less attention, even though continuing programs comprise most of the budget. Existing spending is assumed to have been previously scrutinised and justified, and more mature programs are perceived as less risky. Continuing programs also tend to have established constituencies that object to the reallocation of funds.

In the competition for scarce new funding, some promising proposals will miss out. Some opportunities to respond to emerging needs are forgone because there are not enough uncommitted funds available.

By contrast, existing programs embedded in business-as-usual continue with comparatively little scrutiny. Obsolete and ineffective programs can continue to draw funding at the expense of promising new ideas.

With each new budgetary cycle, new proposals and competition for potential new funding draw attention away from existing operations. Over time, those new proposals become operationalised and embedded, and their budget allocation tends to endure even if their outputs cease to offer good value for money.



Organisations can unlock more of their budgets by regularly testing ongoing budget allocations against the same standards as new proposals. A structured, rolling program to periodically assess the value of existing budget allocations can prioritise investment to drive greater responsiveness and innovation, continuously improving efficiency and effectiveness.

Holding ongoing investments to the same standards of efficiency and effectiveness as new initiatives ensures that only the most cost-effective programs will attract and retain funding. Uncovering programs that no longer deliver value equivalent to that of new investments, and reallocating their budgets, gives decision makers more opportunity to respond to emerging needs and optimise public value.

Recurrent funding is a vast and valuable resource that is often obscured from view, while potential new investments are scrutinised heavily. Holding existing programs to the same high standards as new proposals can help to ensure that all funding is directed to the highest value programs, and unlock resources to invest in emerging priorities and needs.

It takes some time and resources to periodically reassess the merits of recurrent programs, but this investment helps to drive better outcomes across the entire budget. This process enables publicly funded organisations to progressively chip away at sedimentary layers of past budget allocations, unearthing opportunities to redirect resources to promising new investments.