

DATE OF COMMITTEE

21st September 2011

REPORT OF THE LEADER OF THE COUNCIL

TITLE OF REPORT

BUDGET AND MEDIUM TERM FINANCIAL PLANNING PROCESS

EXEMPT INFORMATION

None

PURPOSE

To seek agreement to the proposed budget and medium term financial planning process for General Fund and the Housing Revenue Account for 2012/13.

RECOMMENDATIONS

That the proposed process for the General Fund and Housing Revenue Account Budget and Medium Term Financial Planning Process for 2012/13 be adopted.

EXECUTIVE SUMMARY

In light of the national economic situation and the significant constraints in public spending following the 2010 Comprehensive Spending Review (CSR) in these times of Government austerity, a measured approach to budget setting will be necessary, constrained by the pace of further grant funding reductions - as any growth proposals would require compensating reductions in other budget areas & services. A commitment was made as part of the 2011/12 budget process to protect front line services (as far as possible) together with locality working (with ongoing support for the most vulnerable and those affected by the recession).

The Council has sufficient funds held in reserves and balances which will allow it to plan its approach to budget setting in the short term following the voluntary redundancy programme and series of ongoing short-term and long-term activity reviews identified to help the Council cope with grant & income reductions in the coming years.

The attached Project Plan at **Appendix A** lists the stages, deadlines and the responsible officers for the production of the budget and medium term financial plan. **Appendix B** contains an outline of the process whilst **Appendix C** shows the flow of key stages over the process period.

Members are asked to endorse the process to be followed.

RESOURCE IMPLICATIONS

There are no financial or resource implications arising from the implementation of the Budget and Medium Term Planning Process.

LEGAL/RISK IMPLICATIONS BACKGROUND

It is considered that a Medium Risk to the achievement of the planned timetable exists due to the potential for a delay in the:

1. provision of information and advice from managers;
2. publication of Revenue Support Grant (RSG) and Housing Revenue Account (HRA) Self-Financing Reform information.

SUSTAINABILITY IMPLICATIONS

None

CONCLUSIONS

Members are asked to endorse the process to be followed.

BACKGROUND INFORMATION

Budget and Medium Term Financial Planning Process

Budget Process Approach

In light of the national economic situation and the significant constraints in public spending following the 2010 Comprehensive Spending Review (CSR) in these times of Government austerity, a measured approach to budget setting will be necessary, constrained by the pace of further grant funding reductions - as any growth proposals would require compensating reductions in other budget areas & services. There are significant uncertainties over future grant levels which, for 2012/13 should be clarified when the provisional settlement is published in November - followed by final grant notifications expected in January.

A commitment was made as part of the 2011/12 budget process to protect front line services (as far as possible) together with locality working (with ongoing support for the most vulnerable and those affected by the recession).

The Council has sufficient funds held in reserves and balances which will allow it to plan its approach to budget setting in the short term following the voluntary redundancy programme and series of short-term and long-term activity reviews identified to help the Council cope with grant & income reductions in the coming years.

As part of the budget process Policy Changes are required in order to amend base budget provision. As grant and other income levels are reducing, where increased costs are unavoidable then managers should identify compensatory savings. Where savings are identified they must be accompanied by a robust implementation plan. Robust Business Case templates (as previously issued) will have to be submitted to Budget Review Group (BRG) for all Policy Change submissions (Revenue and Capital).

A more detailed summary of the process is attached at **Appendix A** with an outline of the process and flow chart of the process being shown at **Appendix B and C**.

Budget Consultation

For 2012/13 a range of consultation has been planned to gauge residents', business and other core stakeholders' views on the Council's priorities to achieve the 'Vision' considering areas of spending or where savings could potentially be made.

The consultation, detailed at **Appendix D**, will include;

- Local residents / Citizens Panel - Website questionnaire, Focus Group;
- Council Tenants - Focus Group;
- Business Community - Online Questionnaire/focus group;
- Voluntary and Community Sector - Focus Group;
- Youth Council/Schools & Young People - Focus Group;
- On-line 'Blog' - a more informal opportunity for residents to give more general views on what they think of the services Tamworth Borough Council provides and where they think improvements need to be made.

Timetable

Significant milestones in the process, detailed at **Appendix A**, are planned as:

- a) Consultation process - results to Cabinet 12th October 2011;
- b) 5-year forecast to BRG 10th November 2011;
- c) Provisional RSG settlement assessment to BRG December/January 2011;
- d) Base budget and technical adjustments to Cabinet 23rd November 2011;
- e) Cabinet proposals to a Joint Scrutiny Committee (Budget) / Leaders Workshop 8th December 2011;
- f) Final Budget and Medium Term Plan reports to Cabinet 22nd February 2012;
- g) Budgets set at Council 28th February 2012.

It should be noted that the complexity of some of the issues and the reliance on the Government for RSG data to report might mean that some reports have to be treated as urgent items and/or are considered at a later meeting.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

None

APPENDICES

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