

Outline of the Budget and Medium Term Financial Planning Process

Reasons for Producing Budgets

Budgets are required to plan for forthcoming activities in meeting the objectives of the Council as a whole. Legally, the Council is required by legislation to set its budget (balanced funding/spend) and the associated Council Tax by 11th March each year.

The budget represents the Council's plans in financial terms and acts as a method of measuring performance against the achievement of these objectives. Variances from the budget are highlighted to Senior Management on a monthly basis and Members Quarterly.

Budgets assist in bringing together views, opinions and decisions of all stakeholders such as Members, Local Residents, Focus Groups and the Business Community.

The Budget Process

The budgets for the next financial year are compiled in the 'budget process' that runs mainly from September to March each year (some preparatory work / forecasts are prepared from July).

Day to day responsibility for setting budgets and financial performance monitoring may be delegated to appropriate line managers/senior officers, as appropriate.

A brief summary of the stages involved in the budget process are as follows:

- **Review / Formulation of Budget Process**

Following a review of the previous year's process, the outline process to be followed is formulated / agreed by the Corporate Management Team and Cabinet.

- **Consideration of Policy Changes**

Planned changes to services (provisionally approved during the previous budget process) are issued for confirmation. Budget Managers are also required to consider any unavoidable increased costs (arising from, for example, legislative or demand led changes e.g. reduced income) and targets for budget savings. They will be aware of the objectives of the Council as a whole within the Corporate Plan and should therefore be looking to incorporate changes or additions into their future plans.

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 will have to be submitted to Cabinet and CMT for all Policy Change submissions (Revenue and Capital).

- **Capital Programme**

Managers are asked to review provisionally approved schemes (within the medium term capital programme) and submit new / revised capital appraisal forms for consideration, and prioritisation within available resources, by CMT, the Asset Strategy Steering Group and Cabinet.

- **Consultation**

To help elected members set the council budget and priorities every year we consult residents, businesses and the voluntary sector on spending and savings options in line with the council priorities. We also conduct a survey to hear what people think about Tamworth as a place to live.

In the past these were separate consultations, however, to avoid duplication and make an efficient use of resources, they are now combined into one 'Tamworth Conversation' in late summer/early autumn.

In order to benchmark with wider local government, we use the Local Government Associations recommended question set. This allows us to analyse the local results over time and benchmark across local government. To use these appropriately, these questions need to be at the beginning of the survey (detailed at **Appendix D**), to reduce bias when answering.

The results feed into the budget setting process and where timing allows, the State of Tamworth Debate (constitutionally due in March).

Paper copies of the surveys are made available from the TIC and customer services staff will offer the opportunity of completing the survey over the phone for those less able to engage or for those without digital access.

To encourage responses, we:

- Contact a random sample of 1,200 Tamworth residents inviting them to take part. This is roughly 120 addresses in each ward.
- Contact specific groups directly inviting them to take part:
 - Our citizens' panel,
 - Community & Voluntary Groups,
 - Tamworth Businesses,
 - Housing tenants,
 - Tamworth Borough Council staff (61% of which are residents).
- Issue press releases and deliver social media promoting the survey.
- Develop a flyer promoting the survey to hand out at town centre events (E.g. We Love Tamworth), on market days and in the TIC/Assembly Rooms.
- Ask customers visiting the TIC to complete a paper copy of the survey (or share with them a flyer).
- Ask elected members to share the survey with their constituents.
- Consider completing the survey face to face with people in the town centre.

- **Formulation of Budget Forecast & Base Budgets**

Managers should consider their future activities and spending requirements before discussions with their Accountant. Managers should identify any minor changes in expenditure or income or highlight other areas of concern with their Accountant prior to the finalisation of the base budget working papers. Regular review / monitoring during the year assist in this process.

It is important that managers assess budget figures carefully and do not merely increase the original budgets by the given inflation percentage. Managers should consider the previous year's level of expenditure when looking at budgets and decide

if this is to be a normal level or an exception. A zero based budgeting approach to deliver service needs is required especially in a period of resource constraints.

For 2024/25, the budget process will need to reflect the the consequences of the current inflationary cost pressures, and the measures to contain and mitigate its effects. Consideration of the impact on future income levels will be needed including Council Tax, Non domestic (business) rates, fees and charges, rents and investment returns which have, to a greater or lesser extent, been subject to reduction since April 2020.

In the main, the recalculation of the base budget involves changes that have already been approved or are outside the control of managers (e.g. inflation, pay award etc). Major alterations to budgets or proposals involving significant changes in service delivery need to be raised and submitted for approval through the policy changes process.

It should be borne in mind that financial guidance requires Budget Managers to be consulted (by the relevant Accountant) in the preparation of the budgets for which they will be held responsible and that they are required to accept accountability for their budgets and the service to be delivered.

As part of the Governance process, there is a responsibility for Budget Managers to ensure that they are consulted and confirm that their budgets are accurate, complete and acceptable.

- **Compilation of Overall Budget figures**

Once all the budget working papers have been prepared, an overall net expenditure figure for the Council can be assessed in terms of affordability and whether funding for these levels of expenditure is available. It may be that Managers would be required to identify savings in their budgets, dependent on guidance from Senior Managers and Members.

- **Final Budget Approved by the Council in February**

The final budgets are approved by Members at the Cabinet meeting, usually in February. No further amendments can be made after this point. The full Council approves the budget at its meeting in February.

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