

26th September 2012

REPORT OF THE LEADER OF THE COUNCIL

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 2013/14.

RECOMMENDATION

That the proposed process for the General Fund and Housing Revenue Account Budget and Medium Term Financial Planning Process for 2013/14 be adopted.

EXECUTIVE SUMMARY

In light of the ongoing national economic situation and the significant constraints in public spending following the 2010 Comprehensive Spending Review (CSR) in these times of Government austerity, it has been accepted previously that a measured approach to budget setting is necessary, due to constraints and uncertainties over the pace and depth of further grant funding reductions.

It has been recognised by the Executive Board that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited - as any growth proposals would require compensating reductions in other budget areas & services. There is also a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation, planned with effect from 1st April 2013, arising from the Local Government Finance Bill - Business Rates Retention, changes in Support for Council Tax and technical reforms to Council Tax - as well as other changes arising the Government's Welfare Reform agenda.

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 holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting in the short term following the programme of 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. Royal Assent for the Local Government Finance Bill (including finalisation of the Business Rates Retention scheme proposals); and
3. Publication of Business Rates Retention and Revenue Support Grant (RSG) information by the Department for Communities & Local Government (DCLG).

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 ongoing national economic situation and the significant constraints in public spending following the 2010 Comprehensive Spending Review (CSR) in these times of Government austerity, it has been accepted previously that a measured approach to budget setting is necessary, due to constraints and uncertainties over the pace and depth of further grant funding reductions.

There are significant uncertainties over future grant levels which, for 2013/14 should be clarified when the provisional Business Rates Retention and Revenue Support Grant and the associated figures are published in November - followed by final notifications expected in January.

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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).

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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 will have to be submitted to the Executive Board 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 2013/14, following input through a Member/Officer Working Group, 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 be carried out through an online survey and a drop in event.

There will be three online surveys. A survey that is tailored for businesses, a full survey aimed at residents and a survey that is tailored for the voluntary and community sector. The online residents survey will be promoted using social networking/media sites and through email contact databases. The business survey will be promoted through business social networking sites and business email contact databases. The voluntary and community sector survey will be promoted through email contact databases.

The drop in session will be consistent, asking the same question set as the survey but allowing for a dialogue between the public and Cabinet members.

Timetable

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

- a) Consultation process - results to Cabinet 17th October 2012;
- b) Provisional Business Rates Retention / RSG settlement assessment to Executive Board December/January 2013;
- c) Base budget and technical adjustments to Cabinet 28th November 2012;
- d) Council Taxbase calculation and Business Rates Forecast to Cabinet 28th November 2012;
- e) Cabinet proposals to a Leaders Budget Workshop 4th December 2012;
- f) Final Budget and Medium Term Plan reports to Cabinet 20th February 2013;
- g) Budgets set at Council 26th February 2013.

It should be noted that the complexity of some of the issues and the reliance on the Government for Business Rates Retention and 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

Appendix A

Project Plan for the Budget and Medium Term Financial Planning Process for the year 2013/14

Appendix B

Outline of the Budget and Medium Term Financial Planning Process

Appendix C

Flowchart of the Budget & Medium Term Financial Planning Process

Appendix D

2013/2014 Budget Consultation