

12th September 2013

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 2014/15.

RECOMMENDATION

That the proposed process for the General Fund and Housing Revenue Account Budget and Medium Term Financial Planning Process for 2014/15 be adopted.

EXECUTIVE SUMMARY

It has previously been recognised by the Council's Cabinet and Corporate Management Team (CMT) that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited given the need to identify substantial savings following significant constraints in public spending (post grant reductions of 34% since 2010 and recent announcements from CSR 2013 of further grant reductions for Local Government of 10% from 2015/16) - and that any growth proposals would require compensating reductions in other budget areas & services.

There also remains a high degree of uncertainty arising from the most significant changes in Local Government funding for a generation with effect from 1st April 2013, arising from 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.

The Council holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting, and Cabinet, on 22nd August 2013, endorsed the document 'Planning for a Sustainable Future' as the overarching strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) and a series of workstreams designed to deliver savings & efficiencies to mitigate grant & income reductions in the coming years. This includes exploring new and innovative ideas and to be more commercial in our approach to business.

The proposals likely to arise from the work streams will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain this Council in the years ahead.

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 from managers; and
2. Publication of the Revenue Support Grant (RSG) information for each individual authority 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

It has previously been recognised by the Council's Cabinet and Corporate Management Team (CMT) that Members will need to focus on strategic decisions relating to high level financial issues as flexibility within future budgets will be extremely limited given the need to identify substantial savings following significant constraints in public spending (post grant reductions of 34% since 2010 and recent announcements from CSR 2013 of further grant reductions for Local Government of 10% from 2015/16 together with consultation around the proposed top-slicing of new homes bonus grant from 2015/16 which could reduce grant levels by up to 40%) - and that any growth proposals would require compensating reductions in other budget areas & services.

The impact of the announced grant reductions for 2015/16 should be clarified for individual Councils when the provisional Revenue Support Grant and the associated figures are published in November - followed by final notifications expected in January.

Initial data for each Council has recently been released which indicates that the impact for the Council could be as much as a 16% reduction in Government funding.

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The Council holds sufficient funds in reserves and balances to allow it to plan its approach to budget setting, and Cabinet, on 22nd August 2013, endorsed the document 'Planning for a Sustainable Future' as the overarching strategy for meeting the challenges forecast for the Council's Medium Term Financial Strategy (MTFS) and a series of workstreams designed to deliver savings & efficiencies to mitigate grant & income reductions in the coming years.

This includes exploring new and innovative ideas and to be more commercial in our approach to business.

The proposals likely to arise from the work streams will change the organisation and how it works; will require Members to take difficult decisions and adhere to them; will involve managed risks and will sustain this Council in the years ahead.

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 Cabinet and CMT 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 2014/15, in addition to the activity planned for the Tamworth Listens process, 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 3 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.

Timetable

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

- a) Consultation process - results to Cabinet 24th October;
- b) Base budget and technical adjustments to Cabinet 28th November;
- c) Council Taxbase calculation and initial Business Rates Forecast to Cabinet 28th November;
- d) Cabinet proposals to a Leaders Budget Workshop 3rd December;
- e) Provisional RSG settlement assessment to Cabinet and CMT in December;
- f) Joint Scrutiny Committee (Budget) to be held on 28th January 2014;
- g) Final Budget and Medium Term Plan reports to Cabinet 20th February 2014;
- h) Budgets set at Council 25th February 2014.

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

Planning for a Sustainable Future (Meeting the Challenges to MTFs) – Cabinet 22nd August 2013

APPENDICES

Appendix A

Project Plan for the Budget and Medium Term Financial Planning Process for the year 2014/15

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

2014/15 Budget Consultation