

CABINET

21st August 2014

REPORT OF THE LEADER OF THE COUNCIL

BUDGET AND MEDIUM TERM FINANCIAL PLANNING PROCESS 2015/16

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 2015/16.

RECOMMENDATION

That the proposed process for the General Fund and Housing Revenue Account Budget and Medium Term Financial Planning Process for 2015/16 be adopted.

EXECUTIVE SUMMARY

Long before the current austerity measures and on-going public sector spending cuts, the Council has been proactive in the design and implementation of innovative and effective measures for driving efficiency.

It has previously been recognised by the Council's Executive Management Team (a non-decision making forum of Cabinet members and Chief Officers of the Corporate Management Team) 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 announcements from CSR 2013 of further grant reductions for District Councils of over 15% from 2015/16 – over 40% in real terms since 2010/11). Future Government spending reviews will be equally austere, the next four years will again be challenging with the potential that future levels of RSG will only finance Central Government committed resources i.e. Council Freeze Grant etc.

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 from 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 and efficiencies designed to tackle the forecast deficit long before it becomes a reality. This includes exploring new and innovative ideas and to be more commercial in our approach to business.

The proposals arising 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 **essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reduce**. Whether to implement change, react to funding reductions or simply to ensure compliance with reforms, the adoption of a “problem solving” approach to accommodating change has enabled the Council to maintain high quality public services.

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.

OPTIONS CONSIDERED

None

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

BACKGROUND INFORMATION

Budget and Medium Term Financial Planning Process

Budget Process Approach

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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 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 2015/16, 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 23rd October;
- b) Base budget and technical adjustments to Cabinet 27th November;
- c) Cabinet to consider Council Taxbase calculation on 27th November and Business Rates Forecast on 15th January;
- d) Cabinet proposals to a Leaders Budget Workshop 2nd December;
- e) Provisional RSG settlement assessment to Cabinet and CMT in December;
- f) Joint Scrutiny Committee (Budget) to be held on 27th January 2015;
- g) Final Budget and Medium Term Plan reports to Cabinet 19th February 2015;
- h) Budgets set at Council 24th February 2015.

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 2015/16

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

2015/16 Budget Consultation

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