

Meeting:	Cabinet
Meeting date:	21 July 2016
Title of report:	Budget planning/consultation
Report by:	Cabinet member economy and corporate services

Classification

Open

Key decision

This is not a key decision.

Wards affected

Countywide

Purpose

To seek cabinet approval for consulting on plans to reshape the council's services to meet the financial challenge and current budget proposals for future financial years, as well as the draft proposals available to Herefordshire Council as part of the budget setting process for 2017/18 and out to 2020/21.

Recommendation(s)

THAT:

- (a) the approach for consulting on plans to meet the financial challenges for the coming 4 years and beyond and the capital programme and budget proposals for 2017/18 and beyond as set out in the report be approved.**

Alternative options

- 1 It is open to cabinet to amend or revise the proposals, but in doing so regard must be had to ensuring that a medium term financial strategy (MTFS) is available in time for the period 2017/18 to 2020/21 so as to provide a strategic direction for the council.

Reasons for recommendations

- 2 The council has a legal duty to set a balanced budget and full Council is responsible for approving a budget following recommendations from cabinet in line with the budget and policy framework rules within the constitution.
- 3 There is a statutory requirement under section 65 of the Local Government Finance Act 1992 to consult with representatives of business ratepayers on the proposed budget before its adoption.

Key considerations

- 4 The council has a responsibility to consult with residents and businesses on its budget.
- 5 The council takes a long-term and strategic approach to its corporate and financial planning. As such, a corporate plan and a MTFS, both covering the period 2016/17-2019/20, were agreed by Council in February 2016.
- 6 Both the corporate plan and MTFS were informed by our current performance, our evidence base, Understanding Herefordshire, and the views of residents and the community which were captured as part of last year's priorities and budget consultation.
- 7 The four priorities that were agreed were:
 - enable residents to live safe, healthy and independent lives;
 - keep children and young people safe and give them a great start in life;
 - support the growth of our economy; and
 - secure better services, quality of life and value for money.
- 8 Each year a corporate delivery plan is prepared which demonstrates how the council intends to achieve its vision for the people of Herefordshire. Quarterly reports are presented to Cabinet which show the latest budget position, as well as performance against delivery of the key activity and achievement of the measures.
- 9 The MTFS, agreed by Council in February 2016 and covering the period 2016-20, describes the financial direction of the council and outlines the financial pressures over a 4-year period, and establishes how available resources will be allocated to services in line with the council priorities as detailed in the council's corporate plan. The MTFS is a key part of the council's integrated corporate, service and financial planning cycle
- 10 Extending the MTFS by a year, and planning its finances over a 4-year rolling period, is designed to highlight at an early stage where the council may have financial challenges and the level of resources it is likely to have available beyond the current financial year. This is also particularly relevant given that the government has offered a 4-year settlement to any council that wishes to plan ahead. This will be considered by Cabinet and Council in September.
- 11 Therefore, the MTFS should be updated each year in order to reflect cabinet and

council's decisions following the review of the level of efficiencies achieved, demographic pressures, potential new burdens from government and the resultant impact on services.

- 12 The council's capital programme is mainly funded through council borrowing and government grants. Borrowing repayment costs associated with the indicative programme are included within the revenue budget. In line with the council priorities as detailed in the council's corporate plan, directorates have considered new schemes for inclusion within the council's capital programme.
- 13 It has been identified that the council needs to make a further £28.4m of savings over the next four years, 2016/17 – 2019/20. Through this consultation we want to increase public understanding of the scale of the financial challenge and why difficult decisions need to be made.
- 14 Whilst plans are already in place to deliver £10.9m of savings in 2016/17, an additional £7.0m of savings will need to be delivered in 2017/18. We therefore want to understand people's views on the package of draft budget proposals for 2017/18 and subsequent years.

Refreshing the budget and capital programme

- 15 Between late July to early October 2015, cabinet members, supported by senior officers, met with people across Herefordshire in order to listen to their views and vote on their priorities for the future. The 'Have your say' consultation was based on a series of promotion events in the city and market towns as well as an online and paper questionnaire. In total there were 1,979 responses to the questionnaire and a 'Priorities and Budget Consultation 2016-2020' report was produced in December 2015 to summarise the key findings.
- 16 As well as continuing to consult on specific service change proposals, the council is committed to consulting with the public and other interested stakeholders on its budget, savings, capital programme and how services are delivered. It is important that everyone is able to not only have their say on what matters to them but also for them to submit ideas and proposals on how services could be delivered differently and what part they and others could play in meeting the challenges that we face.
- 17 Given the limited attendance at our promotion events in the city and market towns last year, we are not proposing to hold similar events this year. Instead, the main method for people taking part in the consultation to give their views on the budget proposals would be via an online form. Paper copies will be available at libraries and customer service centres and people will also be able to print off paper copies from our website. The survey will be open to all and promoted through a mixture of social and conventional media initiatives to ensure county-wide publicity. Key stakeholder groups will also be targeted for promotion.
- 18 Depending on the nature of the budget proposals, further and more targeted consultation may be required with groups directly affected by any anticipated changes.
- 19 The key milestones in the timetable for Council to set the final budget in February 2017 and to set the council tax levels in March 2017 are set out below:
 - General budget consultation with stakeholders between 29 July and 7 October 2016, including:

Further information on the subject of this report is available from Josie Rushgrove, head of corporate finance on (01432) 261867 and Richard Ball, assistant director, environment and place on (01432) 260965

- Member briefing session (26 July);
 - Online questionnaire;
 - Social media 'Question & Answer' sessions;
 - Parish Council briefing sessions (28 July and September)
 - Health partners;
 - Schools forum;
 - Businesses (briefing sessions with top 25 Herefordshire businesses, Chamber of Commerce, business breakfast events);
 - Voluntary and community sector.
- When the consultation closes all of the responses received will be collated and published online so that they can be taken into account before the draft budget and MTFS are produced.
 - The draft budget and MTFS will go to meetings of general overview and scrutiny and health and wellbeing scrutiny on 14 November 2016.
 - Recommendation of the capital programme, in light of consultation by Cabinet on 1 December 2016.
 - Council approve the capital programme on 16 December 2016
 - Recommendation of the final budget, in light of consultation and the final settlement, by Cabinet on 19 January 2017.
 - Council set the final budget on 3 February 2017.
 - Council set the council tax levels on 3 March 2017.

20 The council will continue to work over the consultation period to identify additional measures that can help to save money while protecting services.

Community impact

21 The MTFS and budget demonstrate how the council is using its financial resources to deliver its priorities

Equality duty

22 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

23 A number of service specific equality impact assessments will need to be completed for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010. Individual equality impact assessments will be prepared prior to consultation and delivery of each specific

saving initiative.

- 24 The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed. Then we will consider mitigating against any adverse impact identified

Financial implications

- 25 Included within the report.

Legal implications

- 26 The duty to consult when the budget proposals are at a formative stage is required under statute for non-domestic rate payers and is implied for domestic rate payers as part of the council's duty to act fairly. The scope of the consultation will determine: who should be consulted; how long the consultation should be open for; what questions need to be asked; and how answers should be evaluated so that the outcome of the consultation can be conscientiously taken into account when the ultimate decision is taken. Further consultation exercises may be required alongside pre-existing and continuing consultations on specific service change proposals.

Risk management

- 27 All budget proposals contain a degree of risk. Whilst Herefordshire Council has a good track record of delivering requisite savings to date, the following are key risks:
- Demand – The further demands on the council's services, at a time when it needs to reduce spending due to constraints on public expenditure.
 - Reputation – If stakeholder engagement is not managed effectively, the need for the council to take difficult decisions in response to the contraction of public expenditure will not be understood.
 - Delivery – The delivery of the agreed savings proposals will need to be effectively managed to ensure they are realised in practice.

Consultees

- 28 None in relation to this report. The development of the MTFS and budget was informed by the evidence base already gathered during the year and which includes user, resident and partner feedback where available.

Appendices

Appendix A Budget Consultation Process

Background papers

- None