

Meeting:	Cabinet
Meeting date:	22 June 2017
Title of report:	Budget planning/consultation
Report by:	Chief finance officer

Classification

Open

Key decision

This is not a key decision.

Wards affected

Countywide

Purpose

To agree budget priority consultation arrangements to inform the budget setting process for 2018/19 development of the medium term financial strategy (MTFS).

Recommendation(s)

THAT:

- (a) **the approach for consulting on budget priorities for the coming four years and the capital programme and budget proposals for 2018/19 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 the council's budget and policy framework procedure rules.

Reasons for recommendations

- 2 Each year, by law, we have to set a balanced budget and full Council is responsible for approving the budget, following recommendations from cabinet. The budget and policy framework rules require cabinet to publish a timetable for the development of their proposals.
- 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. One of the principles of the council's code of corporate governance is to ensure openness and comprehensive stakeholder engagement; the recommendations support this principle.

Key considerations

- 4 The council has a responsibility to consult with residents and businesses on its annual budget. As regards council tax, we strive to find a fair balance between supporting people who are more frequent users of particular local services, or who require more targeted support, and in wider terms, local taxpayers more generally.
- 5 The government is already allowing councils to increase council tax by 3% specifically to pay for adult social care. This is in addition to a permitted 1.99% rise, which can be used to fund any services. Any proposed council tax increase of 5% or more requires a public referendum to be held on the issue.
- 6 The council has adopted a long term approach to its strategic and financial planning, using the policy directions from the corporate plan to inform and direct priorities, and the MTFS (2017/18 – 2019/20) which was updated and agreed by full Council in February 2017.
- 7 The council's strategic objectives are described within our corporate plan. Our four priorities are to:
 - 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 identifies the key projects planned for the year to achieve progress towards the council's priorities. Regular 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 (2017/18 – 2019/20), updated and agreed by full Council in February 2017, describes the financial direction of the council and outlines the financial pressures over a three year period, establishing how available resources are 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. Extending the MTFS until 2021/22, and planning its finances over a 4-year rolling period, is intended to highlight at an early stage where the council may have financial challenges and the level of resources it is likely to have available, providing greater flexibility and resilience.
- 10 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.
- 11 A tiered approach across the nine localities of Herefordshire is proposed in order to aid in the design and delivery of services:

Tier one	Rural areas (Weobley, Golden Valley and Mortimer): serving the needs of their immediate residents.
Tier two	Market towns (Bromyard, Kington, Leominster, Ledbury and Ross-on-Wye): serving the needs of their residents, as well as those of the rural areas surrounding them).
Tier three	City (Hereford): providing a broad range of facilities and serving both the needs of its residents as well as those of the county.

- 12 Consultation on the 2017/18 budget proposals commenced on 29 July 2016 and ended on 7 October 2016. The consultation sought views on priorities, savings and income proposals and included how we could do things differently. There were a total of 280 standard responses to the consultation, of which 241 submitted online and 39 completed paper copies.
- 13 The council is committed to consulting with the public and other interested stakeholders on its budget, capital programme and how services are delivered. In keeping with last year's approach, the main method for people to give their views will be via digital channels. The online survey will be open to all and promoted through a mixture of social and conventional media initiatives. In addition, engagement with key stakeholder groups will also be undertaken and we will require the assistance of management board in ensuring that our message is communicated to a wider range of partners.
- 14 It is proposed that this year's budget consultation includes questions about levels of council tax, along with questions about the council's approach to its capital budget, as well as the council's aspirations to become a child friendly county and keeping people living independently within their local community.
- 15 Accompanying the questionnaire will be background information that is intended to help raise awareness of locality working and assist with their understanding of budgetary and resource implications within their particular locality.
- 16 In order for Council to set the final budget in January 2018 and to set the council tax levels in March 2018, general budget consultation will be held with stakeholders between 29 June and 30 September 2017, including:
- Briefing for political groups on the council
 - Briefing for elected members
 - Online questionnaire
 - Parish Council briefing session
 - Briefing sessions with businesses
 - Chamber of Commerce Hereford networking breakfast
 - Herefordshire Health and Wellbeing Board
 - Care homes forum
 - Home care forum
 - Making It Real service user group
 - Herefordshire Community Safety Partnership
 - Trade unions
 - Herefordshire Schools Forum
 - Herefordshire Association of Secondary Headteachers
 - Herefordshire Primary Headteachers' Forum
- 17 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 medium term financial strategy are produced.
- 18 The draft budget and MTFS will go to a meeting of the general scrutiny committee on 14 November 2017.

Community impact

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

Equality duty

- 20 The public sector equality duty (general 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.
- 21 A number of service specific equality impact assessments will need to be completed for the service specific budget proposals to assess the impact on groups of people who share a 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.
- 22 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

- 23 Costs will be minimal as the main method for people to give their views will be via digital channels. Any costs will be met from existing budgets.

Legal implications

- 24 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

- 25 All budget proposals contain a degree of risk. Whilst the 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

- 26 None in relation to this report.

Appendices

None

Background papers

- None identified.