

Meeting:	Cabinet
Meeting date:	Thursday 28 June 2018
Title of report:	Budget planning / consultation
Report by:	Cabinet member finance and corporate services

Classification

Open

Decision type

Non-key

Wards affected

All wards

Purpose and summary

To agree consultation arrangements to inform the process for setting the 2019/20 budget and developing the medium term financial strategy (MTFS).

Under the budget and policy framework rules, Cabinet is required to publish its timetable for making proposals to Council for the adoption of the MTFS, its capital budget and setting a budget, and its arrangements for consultation after publication of those initial proposals.

The report proposes the timetable and recommends that Council be requested to move the date of the budget meeting in February by two weeks to provide for consideration of the government settlement usually published at the end of December.

It also requests that the scrutiny committees make appropriate provision in their work programmes to inform the budget setting process.

Recommendation(s)

That:

- (a) the timetable for making proposals to Council for the adoption of the MTFS 2019-23 and the 2019/20 budget be approved as follows:**

- **consultation – 5 July to 21 September 2018**
 - **Cabinet – 31 January 2019**
 - **Council (approve budget and MTFS) – 15 February 2019**
 - **Council (set council tax and precept – 8 March 2019**
- (b) **it be recommended to Council that the budget meeting date be moved from 1 February 2019 to 15 February 2019;**
- (c) **the approach for consulting on budget proposals for 2019/20 as set out at paragraph 11 be approved; and**
- (d) **the scrutiny committee chairpersons be requested to make suitable provision in their respective committee work programmes to enable scrutiny members to inform and support the process for making cabinet proposals to Council.**

Alternative options

1. It is open to Cabinet to amend or revise the proposed timetable and consultation arrangements, but in doing so regard must be had to the council's budget and policy framework procedure rules and the legislative requirements for Council to approve a budget.

Key considerations

2. 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 (2018/19-2020/21) which was updated and agreed by full Council in January 2018.
3. 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
4. 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.
5. The current MTFS 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.
6. The MTFS is a key part of the council's integrated corporate, service and financial planning cycle. It is proposed to extend the MTFS until 2022/23 and plan the council's finances over a four year rolling period. This 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 and the development of strategic approaches to resourcing of priority activities and services.

7. The proposed timetable for making proposals to Council for the adoption of the MTFS 2019-23 and the 2019/20 budget is as follows:
 - consultation – 5 July to 21 September 2018
 - Cabinet – 31 January 2019
 - Council approves budget (including Herefordshire Council precept level) and MTFS – 15 February 2019
 - Council sets overall council tax (having regard to precepts from parishes and other relevant authorities) – 8 March 2019
8. 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 making proposals to Council for the adoption of the MTFS and budget, and its arrangements for consultation after publication of those initial proposals.
9. The government is allowing councils to increase council tax by 2% 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 council tax increase of 5% or more would trigger a public referendum to be held on the issue once the budget has been set.
10. The council's capital programme is funded through council borrowing, government grants and capital receipts. Capital receipt income is reinvested in capital priority projects and borrowing repayment costs are included within the revenue budget. The council's capital investment supports its corporate plan priorities.
11. The budget meeting of Council is currently scheduled for 1 February; given that in recent years government's publication of the local government settlement has been at the end of December this date leaves little time for Cabinet to consider any unanticipated changes to the settlement. There is a legal requirement for the council tax to be set before 11 March in the preceding financial year. It is therefore recommended that Council be requested to change the date of the February budget meeting from 1 February to 15 February to provide some additional time for analysis of the settlement figures.
12. Having published the timetable for development of the budget proposals, it is a matter for the chairpersons of the scrutiny committees to take steps to ensure that the relevant committee work programmes include any such plan, strategy or budget to enable scrutiny members to inform and support the process for making cabinet proposals to Council. This includes providing constructive challenge to the responsible cabinet member on policy proposals and exploring options for future policy development.
13. The council has a responsibility to consult with residents and businesses on its annual budget. Whilst the annual budget setting cycle provides a further opportunity to review alignment of resources to strategic priorities, a more fundamental review of the council's MTFS is planned for 2019/20, alongside a full review of the corporate plan following the May 2019 elections.
14. 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.

15. Our budget consultation will specifically include:
- Use of an online survey which will be open to all and promoted through a mixture of digital and traditional communication channels to provide information to people and encourage engagement and feedback regarding the council's budget and investment priorities.
 - Targeted engagement with key stakeholder groups.
 - Background information on the website so that people can have their say in helping us decide how we spend next year's budget.
16. The constitution details that the following organisations and persons should be consulted with on the budget:
- Elected members
 - Parish councils
 - Health partners
 - School forum
 - Business ratepayers
 - Council taxpayers
 - Trade unions
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 MTFS are produced.

Community impact

18. Publication of the proposed timetable and the proposals for consultation demonstrate compliance with the principles of the council's adopted code of corporate governance and in particular ensuring openness and comprehensive stakeholder engagement.

Equality duty

19. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

20. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
21. Further equality implications will need to be considered alongside pre-existing and continuing consultations on specific service change proposals.

Resource implications

22. The main method for people to give their views will be via digital channels and the cost of digital advertising on social media is minimal. These costs, along with any costs associated with running engagement events will be met from existing budgets.

Legal implications

23. 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

24. 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

25. None.

Appendices

None.

Background papers

None identified.