

<b>Meeting:</b>	<b>Cabinet briefing</b>
<b>Meeting date:</b>	<b>25 July 2019</b>
<b>Title of report:</b>	<b>Budget planning and Corporate Plan consultation</b>
<b>Report by:</b>	<b>Cabinet member finance and corporate services</b>

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

All wards

## **Purpose and summary**

To recommend the approach for consultation to inform the 2020/21 budget and developing the medium term financial strategy (MTFS).

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

In addition, that the proposed timetable and approach for consultation and production of the new four year Corporate Plan is considered and agreed.

## **Recommendation(s)**

**That:**

- (a) the proposed timetable for the development and adoption of the Medium Term Financial Strategy and the 2020/21 budget be approved;**
- (b) the approach for consulting on budget proposals for 2020/21 as set out in paragraphs 12 to 17 be approved; and**

- (c) the timescales and proposals for engagement on the council's priorities for a new corporate plan be approved.

## Alternative options

It is open to Cabinet to propose alternative timetable and consultation arrangements, but in doing so regard must be had to the council's budget and policy framework procedure rules, the legislative requirements for Council to approve a budget and the constitutional requirement for the council to have a corporate plan setting out the objectives of the organisation.

Alternative options include;

- a single consultation window as in previous years, predicated on the current MTFS; this option would allow for limited review of spending and council priorities,
- undertake two formal consultation windows; the first consulting on officers' suggested budget and priorities for Cabinet to evaluate before issuing a second consultation on the Cabinet's proposed budget; delivery of this option before the statutory budget deadline would be challenging.

Cabinet may wish to consider outsourcing the consultation entirely; this would however have a financial implication outlined below.

## Key considerations

### Corporate Plan

1. The council's current corporate plan was agreed by Council in February 2016, to cover the four year period April 2016 to March 2020.
2. The council's Corporate Plan is the key document which sets out the strategic objectives for the next 4 years. These objectives set out our priorities to ensure the best use of resources and deliver services that make a difference to people of Herefordshire. Whilst developing this plan, it is important that the population needs set out in the Joint Strategic Needs Assessment, Understanding Herefordshire, are addressed.
3. Each year a 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 that show the latest budget position, as well as performance against delivery of the key activity and achievement of performance measures.

### Medium Term Financial Strategy (MTFS) and 2020/21 Budget

4. 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 (2019/20-2021/22) which was updated and agreed by full Council in February 2019 follows this approach.
5. The current MTFS describes the financial direction of the council and outlines the financial pressures over a four-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 and is used to plan the council's finances over a three-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. This provides greater flexibility and resilience in the development of strategic approaches to resourcing the priority activities and services.
7. There is a legal requirement that the council has to set an annual balanced budget that is approved by full Council, Cabinet is responsible for developing and proposing a balanced budget to Council. 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 on initial proposals.
8. 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.
9. 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.
10. 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.
11. 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.

### **Development of the Budget, MTFS and Corporate Plan**

12. The following timetable is proposed for engagement and delivery of the budget and new Corporate Plan

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Agree consultation processes										
Stakeholder engagement										
Member engagement										
Draft MTFS, Budgets and Corporate Plan										
Formal consultation										
Political consultation										
Final amendments post consultation										
Final sign off										
Corporate Delivery Plan production										

13. Stakeholder engagement will be focussed during summer and autumn and constitution dictates that this must include;
- Elected members
  - Parish councils
  - Health partners
  - Schools forum
  - Business rate-paying community
  - Council tax payers
  - Trade unions
  - City and Market Town Councils
  - Locality discussion groups
  - Community Compact signatories
14. This engagement will be conducted in various formats; including face to face engagement, across a range of localities. Where possible, existing groups and meetings will be utilised. These will be led by a member of the Cabinet and supported by officers.
15. Following this engagement, the executive will develop a draft budget and Corporate Plan, considering the opinions of the various groups named above.
16. Formal consultation will be undertaken later in the year than in previous years, based on the draft budget and corporate priorities. This will utilise an online survey, open to all and promoted through a mixture of digital and traditional communication channels. This will provide information and context to people and encourage engagement and feedback on the proposed budget and investment priorities. The utilisation of this online survey is consistent with previous years.
17. Chairs of scrutiny committees will be provided with this timetable to enable them to determine how best to build challenge of the Cabinet's proposals into their work programmes.

## **Community impact**

18. Publication of the 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.
22. Methodology for engagement and consultation will be proactively considered to maximise the range of audiences; minimising the risk of overlooking opinions of groups of the Herefordshire population with protected characteristics.

## **Resource implications**

23. Costs will be met from existing budgets. Digital engagement and consultation are cost effective mechanisms and utilising existing groups and meetings should minimise any costs.
24. Should Cabinet wish to outsource the consultation around the new priorities and budget, this would likely cost around up to £20,000, based on previous engagement exercises.
25. The proposed timescales will allow the opportunity for the development of a shadow budget by opposition members. This is the same as in previous years.

## **Legal implications**

26. Section 30(6) of the Local Government Finance Act 1992 provides that the council has to set its budget before 11<sup>th</sup> March in the financial year preceding the one in respect of which the budget is set.
27. 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**

28. It is a statutory obligation of the council to undertake consultation around its budget and MTFS. It is also a constitutional requirement of the council to propose and publish its timelines for how this is to be undertaken.
29. Not allowing appropriate time for consultation of key documents will increase the risk that the priorities and budget that are not aligned to the views of the public. The proposed timetable above represents an achievable way of gauging public opinions, before developing a draft for formal consultation.

30. The opportunity for scrutiny after the closure of consultation will be limited. This is mitigated by developing a draft set of priorities and budget that is based on a full engagement programme with the public and key stakeholders.
31. 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**

32. None.

## **Appendices**

None.

## **Background papers**

None identified.