

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>28 JULY 2011</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET PLANNING/PARTICIPATORY PROCESS 2012/13</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE STRATEGY AND FINANCE</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To seek agreement for the forthcoming budget planning process that includes greater public participation, in partnership with NHS partners.

### **Key Decision**

This is not a Key Decision.

### **Recommendations**

**THAT Cabinet:**

- (a) Note the overall timetable for budget setting;**
- (b) Endorse the proposed approach for budget planning;**
- (c) Authorise the Leader to determine the detailed programme of budget participation, following appropriate consultation health partners; and**
- (d) Instruct the Chief Officer Finance & Commercial Services, following completion of recommendation (c) above, to arrange publication of the consultation arrangements.**

### **Key Points Summary**

- Last year over 30 meetings and events were held to support the budget process with the emphasis on information giving and explaining the impact of Comprehensive Spending Review 2010.
- The intention is to build on the process used last year but with a greater emphasis on policy within the principles and priorities that Cabinet agree. A feature for the forthcoming process will be greater public consultation and engagement, in partnership with NHS partners.

- The summer will see engagement with parishes via the Herefordshire Association of Local Councils (HALC). An event was held on 14<sup>th</sup> June at which the Leader gave the keynote speech and discussions have taken place with HALC. The Council will use a form of participatory budgeting to help inform the 2012/13 budget and HALC have offered to help deliver the process.
- The engagement with parishes will need to cover responsibility for services leading up to their precept setting.
- There will need to be a strong link with NHS Herefordshire and GPs, and other key partners in Herefordshire, to demonstrate place based budgeting.
- The Policy and Budget Review process should cover five broad areas:
  1. Policy Issues
  2. Budget Forecast and Risks
  3. Strategy
  4. Communications including consultation
  5. Timetable

## **Alternative Options**

- 1 There are no Alternative Options as consultation is a statutory requirement.

## **Reasons for Recommendations**

2. There is a need to engage with residents to explain the challenge facing the council.
3. It is important that the council meets its obligations as set out in sections 4.3.2.1 to 4.3.2.5 of the constitution.

## **Key Considerations**

4. All local authorities face a challenging set of circumstances given reducing levels of public funding. The likely level of funding reduction coupled with the impact of the recession on the demand for council services, means that greater engagement with residents is required to explain the challenges facing the council when setting the 2012/13 budget.
5. The constitution requires a programme to consult on the budget and its key priorities. Consultation methods need to be adopted to ensure consultees are informed, engaged and given ample opportunity to give their views.
6. There is a requirement to help residents understand why difficult decisions will be needed, and explore how communities can help support future service delivery in their areas. In order to achieve this dedicated budget pages will be available on the council's website and other on-line mechanisms will also be considered. These can be updated as required and would include information on the budget setting timetable thus ensuring the timetable is also publicised.
7. The appropriate use of Herefordshire Matters will be a key part of the process given its wide distribution across the county. Information about the budget and engagement process can also be published in the local press.

8. Regular budget bulletins will be made to employees who will be able to respond online or feedback to trade unions.
9. Public meetings remain a suitable means of engagement. Meetings should be held in locations that allow the maximum number of people to attend and cover each of the nine localities.
10. Other groups and bodies will need to be engaged and consulted including the business community, voluntary and community sector, schools, parish and town councils, and health and other partners.
11. Overview and Scrutiny Committee will be asked to build in consideration of the budget proposals as part of their work programme
12. Briefings for political groupings and councillors will be held.

## **Policy Issues**

13. The approach will see alignment between the budget process and the Joint Corporate Plan. A four year delivery plan will be required and work has commenced to address issues faced by service areas. These will then be considered by the Leadership Team and the Chief Officer – Finance and Commercial Services.

## **Budget Forecast and Risks**

14. The well developed medium term financial planning process will be updated. It will be extended from three years to four years.
15. As in previous years it will include unavoidable budget pressures and this will be informed by the current budget assurance process being led by the Chief Officer – Finance and Commercial Services. It is important that an overall HPS view is included that covers Council and NHS budget links and dependencies.
16. The current local government resource review will change the distribution of central government funding but the extent of the change and its impact on Herefordshire is not yet known. However, the setting of business rates will return to local government and becomes a matter for councils to decide for the first time since 1994. This brings with it a risk given Herefordshire is a net “gainer” under the current national system.

## **Strategy**

17. The four year delivery plan will set the overall framework and lead to an assessment of appropriate levels of reserves as well as assumptions about the level of income.
18. The strategy will need to cover the role of savings delivery in the Rising to the Challenge (RTTC) programme and the NHS’s Quality, Innovation, Productivity and Prevention (QIPP) programme.
19. Various options for balancing the budget will need to include confirmation of the 2012/13 savings already committed as part of last year’s process.

## **Communications including Consultation**

20. HALC has indicated it is willing to engage in and support a more wide ranging approach to the budget. This can be termed participatory budgeting but it will need to be adapted to support

an approach able to deliver a balanced budget.

21. A variety of mechanisms will be used supported by a communication paper that pulls together different elements. These will include Herefordshire, Voice, Focus Groups, online mechanisms and using the localities as units for engagement. As stated above, the intention is that consultation is undertaken jointly with NHS partners.

## **Timetable for Delivery**

22. The following confirms the key dates leading to Council Tax Setting on 2<sup>nd</sup> March 2012.

14 <sup>th</sup> June 2011	Participatory Budget event with HALC
7 <sup>th</sup> July 2011	Budget Planning process to Leader's briefing
28 <sup>th</sup> July 2011	Budget Planning process to Cabinet to include principles
19 <sup>th</sup> January 2012	Budget and Medium Term Financial Strategy (MTFS) to Cabinet
3 <sup>rd</sup> February	Budget and MTFS to Council
16 <sup>th</sup> February 2012	Feedback Council's comments to Cabinet
2 <sup>nd</sup> March 2012	Council Tax setting at Council

23. The above does not include the Overview and Scrutiny contribution which will be determined in consultation with the Overview & Scrutiny Committee as part of the development of their work plan.
24. In addition detailed timelines for development of each aspect will cover consultation (formal and informal) and engagement with Cabinet members and Non Executive Directors.

## **Community Impact**

25. Effective community engagement will increase the level of understanding about the challenges and choices facing the council.

## **Financial Implications**

26. Wider engagement will have a financial impact but this will be managed within existing budget envelope.

## **Legal Implications**

27. Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for services; and
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

28. Local government legislation requires an authority's chief finance officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so members will have authoritative advice available to them when they make their decisions.

## **Risk Management**

29. The Council's decision to engage in a wider process than in previous years will require effective planning to ensure delivery

## **Consultees**

30. The report outlines the broad groups to be consulted.

## **Appendices**

31. None

## **Background Papers**

- None identified.