

MEETING:	CABINET
DATE:	12 JULY 2012
TITLE OF REPORT:	BUDGET PLANNING/PARTICIPATORY PROCESS 2013/14
PORTFOLIO AREA:	CORPORATE SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To seek agreement for the forthcoming budget planning process and timetable.

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 with health partners; and**
- (d) Instructs the Deputy Chief Executive, following completion of recommendation c) above, to arrange publication of the consultation arrangements.**

Key Points Summary

- Last year a series of locality based events supported the budget process; these were interactive and posed a series of questions.
- The intention is to build on the process used last year as part of the “Your Community, Your Say” exercise and to continue to develop the emphasis on policy choices within the principles and priorities that Cabinet agree.

- The engagement with parishes will need to cover responsibility for services leading up to their precept setting and the implications of the Localism Act.
- The Policy and Budget Review process covers 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 and partners to explain the continuing 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 to publicise the budget timetable and arrangements for consultation, including the engagement of the Overview and Scrutiny Committee.

Key Considerations

4. 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.
5. As the deficit reduction programme is now government policy, there is a continuing requirement to help residents understand why difficult decisions are required. A range of methods will be used to communicate, consult and engage, as part of the "Your Community, Your Say" exercise and the links to the Root and Branch Reviews.
6. 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.
7. 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.
8. 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.
9. Overview and Scrutiny Committee will be asked to build in consideration of the budget proposals as part of their work programme
10. Briefings for political groupings and councillors will be held.

Policy Issues

11. The approach will see alignment between the budget process and the Joint Corporate Plan. The JCP will be reviewed by Cabinet in October (informed by the Integrated Needs Assessment). The JCP will be agreed by Council in November. The root and branch reviews that in total cover all areas of the council will have an influence on future priorities.

Budget Forecast and Risks

12. The well developed medium term financial planning process will be updated. It will be extended from three years to four years.
13. As in previous years it will include unavoidable budget pressures and risks and this will be informed by the current budget assurance process being led by the Chief Officer – Finance and Commercial Services. The process of gathering pressures and seeking assurance on budget savings is underway.
14. From April 2013 the income from Business Rates will be localised although central government will continue to set the annual rate. We still await final details from government but it is clear that Herefordshire will be a “top up” authority under the new system. This is because we receive more from the current national “pooling” arrangements than we collect locally.
15. The abolition of Council Tax Benefit and its replacement with a local system funded by government will have to manage with a reduction in funding of 10% when the new arrangement starts in April 2013.
16. It is also possible that the government’s policy of reducing the national deficit will see a larger reduction than the estimate we have built in.

Communications including Consultation

17. The “Your Community, Your Say” engagement exercise is intended to be the dialogue with residents and stakeholders about key issues that have a wider impact than just the budget. However the dialogue will inform the financial process and is about:
 - Quality of life issues;
 - Future priorities;
 - Herefordshire 2020; and
 - Budget priorities.
18. An additional source of information will be the Quality of Life survey results available in July.
19. As in 2011 there will be a series of events in the nine localities building on the approach commenced under the “Hearts of Herefordshire” programme that saw local members play a key role.
20. These local events will take place in September/October alongside the use of the website and other means of engagements including Herefordshire Matters.
21. With the Quality of Life survey results and local member views forming the basis of the dialogue this will build on the locality based engagement that took place in 2011.

Timetable for Delivery

22. The following confirms the key dates leading to Council Tax Setting on 8th March 2013.

14 June 2012	Cabinet receive Understanding Herefordshire report
12 July 2012	Cabinet consider a timetable for consultation/engagement
18 October 2012	Cabinet consider proposals re Corporate Plan amendments for recommendation to Council
23 November 2012	Council approve Corporate Plan
17 January 2013	Cabinet consider 2013/14 budget proposals
18 February 2013	Council approves 2013/14 budget
8 March 2013	Council Tax setting at Council
14 March	Cabinet approves 2013/14 Delivery Plan

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.

Community Impact

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

Financial Implications

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

Legal Implications

26. 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.

27. 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

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

Consultees

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

Appendices

30. None

Background Papers

- None identified.