

COUNCIL	AGENDA ITEM 14(b)
10 OCTOBER 2012	PUBLIC REPORT

BUDGET AND POLICY FRAMEWORK – REVISED BUDGET TIMETABLE

R E C O M M E N D A T I O N S
FROM : Executive Director Strategic Resources
That Council:
<ol style="list-style-type: none"> 1. Approve a revised budget process and timetable that includes commencing budget consultation during January 2013.

1. PURPOSE AND REASON FOR REPORT

1.1 The September Cabinet meeting considered a report 'Medium Term Financial Strategy 2013/14 to 2022/23' and within this report (paragraph 7.2ii) considered that it maybe necessary to review the budget process and timetable due to the fundamental changes in local government funding arrangements from 2013/14 in accordance with the council's constitution. This report is presented to Full Council regarding a proposed budget process and timetable.

1.2 The current budget consultation process is outlined in Part 4, Section 6 - Budget and Policy Framework Procedure Rules:

2.1 *Commencing in the September immediately preceding the financial year to which the Budget relates the Cabinet shall consider the Council's Budget and Financial Strategy; including provisional cash limits for the forthcoming financial year and its medium term financial plan, together with the Council's Corporate Strategy. In doing so the Cabinet shall consult with local stakeholders and the Sustainable Growth Scrutiny Committee. Cabinet Members may also consult and seek advice from other Scrutiny Committees and Commissions about relevant service issues in relation to the formulation of budget proposals and the Corporate Strategy. Details of the Cabinet's consultation process shall be included in the Forward Plan. This process shall be completed no later than the publication of the provisional Revenue Support Grant (RSG) settlement in late November/early December immediately preceding the financial year to which the Budget and Corporate Strategy relates.*

2.2 *At least one month before the Budget and the Corporate Strategy is to be adopted the Cabinet shall publish both its Budget and Corporate Strategy proposals. Both these proposals shall set out full details of any consultations, representations and the views of the Sustainable Growth Scrutiny Committee received by the Cabinet during the process set out in paragraph 2.1 above and may also include any views on relevant service issues given by the other Scrutiny Committees and Commissions.*

- 1.3 The proposed process and timetable differs to this requirement, and as such requires Full Council approval.

2. BACKGROUND

- 2.1. The Cabinet values the opinions and engagement of all residents, partner organisations, businesses and other interested parties as part of the budget setting process, not least to ensure that the council's priorities, accompanying strategies and policy documents are robust and right for Peterborough. The budget consultation process is integral to ensuring that available resources support council priorities and have regard to the impact of service users and businesses across Peterborough.
- 2.2. Ordinarily Cabinet would commence budget consultation during December and recommend budget proposals to Full Council during the February Cabinet meeting.
- 2.3. However, there are currently a number of issues that mean that releasing proposals during December would be challenging. For example, there remains great uncertainty over the future of local government funding nationally that may influence Cabinet proposals further. These issues include:
- i. Recent consultations on the local retention of business rates, localisation of council tax benefit reforms and education funding consultations that impact directly on local authority funding. Government consultation responses are likely to be published later in the autumn. The proposals within government's consultation on the localisation of business rates will have financial consequences on the council's funding arrangements from 2013/14. The council's concerns have been included in a response to government;
 - ii. The provisional local government finance settlement is expected to be announced later than usual in December. This is because it has recently been announced of the Chancellors Autumn Statement will not be published until 5 December. The local government finance settlement cannot be released before this. Indeed as it is expected that national spending controls affecting local government funding will be adjusted downwards, CLG may have considerable work to do before they can finalise the local government settlement; and
 - iii. There is a significant level of uncertainty about the settlement given the significant changes to the funding arrangements and potential changes to national spending levels outlined above.
- 2.4. Cabinet firmly believe that sustainable budgets over the medium term that support the council's priorities should be put forward. Cabinet would therefore intend to meet in January to consider budget proposals. This would mean that consultation would start in January, which is not dissimilar to the approach followed by other councils, and with the approach followed for this financial year. Commencing the consultation at this stage will still ensure that all residents, partner organisations, businesses and other interested parties have sufficient time to feed into the budget setting process before Full Council consider the budget on 20 February 2013.
- 2.6 There will also be knock effects on the timing of other meetings that support the process, including the following:
- Budget scrutiny;
 - Neighbourhood council consultation;
 - Other consultation events; and
 - February Cabinet (that makes the formal budget recommendation to Council).

Possible alternative dates will be discussed and agreed with relevant chairs of these meetings. A fully updated timetable will be communicated to all Members, as well as other interested parties as necessary.

- 2.7 It should also be noted that the potential dates for budget setting by the new Police Crime Commissioner could impact on the Council's timescales. As we collect their council tax, we can only approve our budget after they have done so. The emerging regulations seem to indicate that the Commissioner may not finalise their budget until after the planned Full Council meeting on 20th February 2013. The Council will continue to work with the Police Authority on the likely Commissioner budget process to see if this does impact and to propose a new Council meeting date as necessary.

3. ANTICIPATED OUTCOMES

- 3.1. Based on the information contained within this report, Full Council to approve a revised budget process and timetable that includes commencing budget consultation during January 2013.
- 3.2. A similar report was presented to Full Council last year for a one off change in the process for setting the current budget with the expectation that the Budget and Policy Framework would be reviewed during 2012 to reflect possible changes anticipated through fundamental changes to local government funding arrangements from 2013/14. Until government publish legislation on the new funding arrangements which is unlikely to be until early next year, it is too early for the council to review and recommend if required a permanent change to the Constitution to coincide with setting the 2013/14 budget and therefore this revision is being considered for this round only, so is not presented as a permanent change to the Constitution.

4. IMPLICATIONS

Financial

- 4.1. There are no financial implications.

Legal

- 4.2. The proposals in this report comply with all legal requirements.

Equalities

- 4.3. A full equalities impact assessment is undertaken as part of the budget setting process including consultation with vulnerable groups.

4. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985).

Council Constitution.

Review of other council's Budget and Policy Framework.

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