

<b>COUNCIL</b>	<b>AGENDA ITEM No. 14(b)</b>
<b>4 DECEMBER 2013</b>	<b>PUBLIC REPORT</b>

## **BUDGET AND POLICY FRAMEWORK – REVISED BUDGET TIMETABLE**

<b>R E C O M M E N D A T I O N S</b>
<b>FROM</b> : Executive Director Resources
That Council:
<ol style="list-style-type: none"> <li>1. Approve a revised budget process and timetable that includes commencing budget consultation at the Cabinet meeting on 3 February 2014.</li> </ol>

### **1. PURPOSE AND REASON FOR REPORT**

The September Cabinet meeting considered a report 'Medium Term Financial Strategy 2014/15 to 2023/24' and within this report (paragraph 7.2ii) considered that it maybe necessary to review the budget process and timetable due local government funding changes and the potential delay in the local government finance settlement in accordance with the council's constitution. This report is presented to Full Council regarding a proposed budget process and timetable.

1.1 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 and Environment Capital 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 and Environment Capital 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.*

- 1.2 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 Local Government Funding Settlement 2014/15 and 2015/16 and New Homes Bonus and Local Growth Fund. Government consultation responses are likely to be published later in the autumn. The proposals within government's consultation will have financial consequences on the council's budget plans in 2014/15 and more significantly from 2015/16. 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;
  - 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; and
  - iv. The council is now able to retain a proportion of locally retained income growth through business rates and it is therefore in the interest of the council to use the latest information available on business rate forecasts. The statutory requirement is for council's to declare surplus business rate income in January.
- 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 February to consider budget proposals. This would mean that consultation would start in February, which is not dissimilar to 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 5 March 2014. This date is also proposed to accommodate the budget setting timetable of the Police Authority and is in advance of the statutory requirement for the council to set a budget by 11 March.
- 2.5. There will also be knock effects on the timing of other meetings that support the process, including the following:
  - Budget scrutiny

- Other consultation events
- February Cabinet (that makes the formal budget recommendation to Council)
- February Council (that approves the final budget)

Alternative dates have been 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. The revised timetable is as follows:

<b>Date</b>	<b>Meeting</b>	<b>Proposed Content</b>
3 February 2014	Cabinet	• Commence budget consultation
10 February 2014	Joint Meeting of the Scrutiny Committees and Commissions	• Budget consultation
24 February 2014 (move the meeting of 17 February)	Cabinet	• Recommend budget to Full Council
5 March 2014 (move the meeting of 19 February)	Full Council	• Approval of budget

### **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 February 2014. The budget consultation papers will be available to the public late January on release of the February Cabinet reports and it is intended that the consultation will remain open until the day before Full Council, allowing almost six weeks for the consultation period.
- 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 reference that a review of the budget policy and framework would be undertaken in advance of the 2014/15 budget setting process. This was on the condition that government legislation would be available on the new funding arrangements. It is expected that further legislation on funding arrangements will be published over the coming months coupled with the significant funding reductions in 2015/16, it is too early for the council to review and recommend, if required, a permanent change to the Constitution to coincide with setting future budgets 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.

#### **Governance**

- 4.3. The budget timetable will require a change to the following council meetings:

Cabinet – 17 February – This meeting would be moved to 24 February 2014  
Full Council – 19 February – This meeting would be moved to 5 March 2014

The change to meeting dates and budget timetable has been discussed with the Group Leaders and relevant scrutiny leads.

### **Equalities**

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

### **5. BACKGROUND DOCUMENTS**

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

Council Constitution.