

CABINET	AGENDA ITEM No.6
15 December 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton	
Contact Officer(s):	John Harrison, Executive Director Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452520 Tel. 384564

PHASE ONE BUDGET PROPOSALS

R E C O M M E N D A T I O N S	
FROM : Cabinet Member for Resources	Deadline date : 5 December 2014
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Have regard to the consultation feedback received to date and statutory advice detailed in the report when determining the phase one budget proposals, noting that consultation remains open and an addendum will be provided prior to the Cabinet meeting and to the council meeting. 2. Recommend to Council on the 17 December 2014, having had regard to feedback, <ol style="list-style-type: none"> a) Approval of phase one budget proposals summarised in appendix 1 to enable implementation of these budget proposals to commence; 3. Note the timetable for the phase two consultation and formal approval of the 2015/16 to 2024/25 Medium Term Financial Strategy as detailed at section 6. Furthermore, budget proposals approved by Council on the 17 December will form part of the medium term financial strategy but will not form part of the second stage of consultation or Council debate on 4 March 2015. 	

1. ORIGIN OF REPORT

- 1.1 This report comes to Cabinet as part of the Council's agreed two stage budget process as outlined in a report considered by Cabinet on 24 November 2014.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to enable Cabinet to consider the feedback from consultation undertaken to date with Scrutiny, residents, partner organisations, businesses and other interested parties to recommend to Council approval of phase one budget proposals.
- 2.3 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 which states to take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	Yes	If Yes, date for relevant Cabinet Meeting	15 December 2014
Date for relevant Council Meeting	17 December 2014	Date for submission to Government department	

4. FINANCIAL POSITION AND BUDGET PROPOSALS

4.1 The table below provides a budget summary of the current budget proposals for 2015/16 to 2019/20 as reported to the Cabinet meeting on 24 November 2014.

	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Budget Deficit b/fwd	17,603	22,236	23,593	26,107	28,610
New pressures	7,139	7,078	7,672	8,005	8,488
Budget Deficit - (Expenditure budgets exceed funding estimates)	24,742	29,314	31,265	34,112	37,098
Total savings – phase one proposals (appendix 1)	-16,788	-14,510	-15,100	-15,300	-15,717
Saving proposals still to find (second phase)	7,954	14,804	16,165	18,812	21,381

4.2 In order to ensure that a balanced budget is set for 2015/16, a second phase of budget proposals will follow after Christmas and Members and interested parties will again be able to provide feedback on these proposals (section 6).

5. FEEDBACK ON PHASE ONE BUDGET PROPOSALS

5.1 Cabinet's approach to seek feedback on council priorities and phase one budget proposals was outlined within the 24 November Cabinet report.

5.2 All the phase one proposals which went out to consultation, excluding Council Tax Support are included at appendix 1. Final decisions on the phase one proposals to be approved and recommended to Council on 17th December, taking into consideration the consultation feedback received will be taken at this Cabinet meeting.

5.3 The proposals for changes to the Council Tax support scheme were included in the current consultation to raise early awareness of the proposal prior to the legislative timetable detailed at section 6.2. These proposals do not form part of the budget proposals for discussion on 17 December 2014 and will form part of the decision making to be conducted on 28 January, as detailed at section 6.2.

5.4 The opportunity to provide feedback on council priorities within a Budget Conversation document has been in the public domain since 14 November, confirmed by Cabinet on 24 November and will run until 11 December. The budget conversation has to date received:

- a) 174 responses via an online survey. An initial analysis of council priorities by age group can be seen in appendix 2 and will be considered by Cabinet to develop phase two budget proposals. Cabinet continue to review comments made and specific ideas;
- b) Three emails and one letter. Of the responses received two specifically focussed on the closure of bowling facilities at Itter Park, City Park and Bushfields and the implementation of parking charges for Blue Badge holders in council owned car parks.

- 5.5 To date Cabinet leads have attended the following meetings and discussion forums to gather feedback. The presentations provided context to the council's financial position, phase one budget proposals and included specific issues that may impact on specific interest groups attending the meetings or discussion forum and provided an opportunity to ask questions.

Discussions held with:

- a) Staff
 - b) Trade unions
 - c) Business community – via an event with 140 attendees
 - d) Borderline Peterborough Local Commissioning Group
 - e) Peterborough Housing Partnership
 - f) Parish Councils
 - g) Disability Forum
 - h) Connect Group
- 5.6 Given the timing of the agenda despatch for this meeting and further meetings planned during the consultation period, it is not possible to include feedback from some of the consultation events in this report. The feedback listed below, if any from these discussions will be included as an addendum to this report and to Council on 17 December.
- i) Schools Forum
 - j) Voluntary Sector
 - k) Youth Council

- 5.7 Due to the timing of consultation events and the release of the Cabinet papers, it will be necessary to issue an addendum to this report to provide detailed analysis of feedback received to date and any further responses Cabinet may make having discussed and listened to all feedback and comments received. Cabinet is reviewing all comments and suggestions received and is intended to be responded to within an addendum.

- 5.8 The addendum will be publically available prior to Cabinet on 15 December 2014 and will include:

- the finalised phase one budget proposals to be recommended to Council on 17th December 2014 having given consideration to the feedback received, and
- Cabinet's response to the feedback received.

Scrutiny feedback on phase one budget proposals

- 5.9 The Joint meeting of the Scrutiny Committees and Commissions discussed the budget proposals and changes to the Council Tax Support Scheme at a meeting held on 3 December making comments and nine recommendations. Cabinet will provide a full response to the recommendations within the feedback addendum to be tabled at Cabinet on 15 December. In summary, the recommendations were as follows:

- a) *Children's Services – Recruitment of Social Workers* -The Committee *recommends* to Cabinet that they continue to focus on the recruitment of more permanent social workers and reducing the amount of agency social workers employed by the Council.
- b) *Governance – Parking Blue Badge Holders* The Committee *recommends* to Cabinet that the proposal to charge blue badge holders to park in council car parks be deferred to Phase 2 of the budget consultation.

- c) *Governance – Parking Blue Badge Holders* The Committee *recommends* to Cabinet that all stakeholders affected by the proposal to charge blue badge holders to park in council car parks be consulted further on the proposed charges to obtain their views.
- d) *Governance – Parking Blue Badge Holders* The Committee *recommends* to Cabinet that they look at increasing the number of free on street parking spaces for blue badge holders.
- e) *Growth and Regeneration – Climate Change* - The Committee *recommends* to Cabinet that they work with other organisations to ensure that the educational support regarding climate change which has currently been provided by the council to schools, businesses and communities continues to be provided.
- f) *Growth and Regeneration – Bus Route* - The Committee *recommends* to Cabinet that £150K be found from the savings in Phase 1 of the budget to reinvest in a further bus route in Peterborough.
- g) *Growth and Regeneration –Concessionary Bus Fares* - The Committee *recommends* to Cabinet to extend concessionary bus fares to include carers who look after people with disabilities.
- h) *Resources (including Strategic Commissioning and Partnerships) – Street Services* - The Committee *recommends* to Cabinet that they consider the changes to street services and look for additional frequencies in litter cleaning of the city and request that Cabinet do not go ahead with the proposed closure of the 11 tennis courts and 4 bowling greens and look for alternative savings.
- i) *Council Tax Support Scheme* - The Committee *recommends* to Cabinet that they fully consider the impact that the proposed Council Tax Support Scheme proposals on which they are consulting will have on low income residents in Peterborough before making a decision.

6. Phase Two Budget Proposals and Formal Budget Process

- 6.1 The Council will look to repeat this consultation approach with the phase two proposals released in January, in line with the following timetable and as part of the formal budget process.

Phase Two (second tranche) including the remaining budget documents for council tax, reserves and the medium term financial strategy		
Cabinet	Release of second tranche of budget proposals	19 January 2015
Scrutiny	Formal scrutiny of budget proposals	9 February 2015
Cabinet	To recommend the second tranche of budget proposals to Council having regard to feedback	23 February 2015
Council	Approval of budget and council tax	4 March 2015

- 6.2 Alongside the budget process, there is a legislative requirement to approve the council's council tax support scheme annually each year. The timeline is as follows:

Meeting	Content	Date
Cabinet	Recommend the scheme to Council for approval	19 January 2015
Council	Approve the Council Tax Support Scheme	28 January 2015

7 ANTICIPATED OUTCOMES

- 7.1 Taking into consideration the results of the consultation feedback received to date, Cabinet is required to approve and recommend to Council prior to the formal budget approval process the phase one budget proposals. The approval of phase one budget proposals will enable the Council to implement savings at the earliest opportunity either under Director Delegation, Cabinet Member Decision Notice or a further report to Cabinet.
- 7.2 These budget proposals will be included as an addendum to the Medium Term Financial Strategy 2015/16 to 2024/25, noted as approved by Council on 17 December 2014 but will not be debated again by Council on 4 March 2015.
- 7.3 The council must set a balanced budget for 2015/16 within the financial resources it will have next year and the feedback received will help inform Cabinet in considering budget proposals within the second tranche.
- 7.4 Early implementation of the phase one budget proposals will assist the balancing of the 2014/15 budget and reduce the need to apply reserves in 2014/15.

8 REASONS FOR RECOMMENDATIONS

- 8.1 Under statutory requirements the Council must set a lawful and balanced budget. The approach outlined in this report work towards fulfilling this requirement.

9 ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Cabinet considered releasing all budget proposals in the New Year after the provisional finance settlement announcement as Cabinet had done so over previous financial years. The cross party Budget Working Group expressed a desire to release budget proposals earlier than in previous years. Cabinet considered the cross party Budget Working Group's view and recognise that as work is continuing to identify and propose further budget proposals, and given the unprecedented scale of the savings to find, Cabinet agreed to publish their budget proposals in two stages. This will enable the remaining phase one budget proposals to be approved by Council on 17 December to allow the implementation process to commence depending on whether the proposals require to be implemented under Director delegation, Cabinet Member Decision Notice or a further report to Cabinet.

10. IMPLICATIONS

10.1 Elected Members

Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

It is an offence for any Members with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or its committees at which a decision affecting the budget is made, unless the Members concerned declare at the outset of the meeting they are in arrears and will not be voting on the decision for that reason.

10.2 Legal Implications

In terms of the Council's executive arrangements, the adoption of the Council's Budget is a role shared between the Cabinet and the Council, whereby the Cabinet (Leader) is responsible for formulating the budget proposals and full Council is responsible for then approving (or not) those proposals and setting the budget and council tax requirement.

For the remainder of the year, the principal purpose of the Budget is to set the upper limits of what the executive (Leader, Cabinet or officer under delegated executive authority) may decide to spend the Council's resources on. The Council cannot through the Budget

overrule an executive decision as to how to spend the money, but the Budget will require the Cabinet to exercise their responsibilities for decision making so as not to make a decision where they are 'minded to determine the matter contrary to, or not wholly in accordance with the authority's budget'. This means that a decision that leads to excess expenditure, a virement from one budget heading to another over the amount allowed by Council in the Budget Book or expenditure of unexpected new money outside of the Budget is required to have approval of the Council before the Leader and Cabinet can make that decision.

When it comes to make its decision on 4th March 2015, the Council is under a legal duty to meet the full requirements of section 31A of the Local Government Finance Act 1992 which includes the obligation to produce a balanced budget.

A principle of fairness applies to consultation on the budget proposals, both consultation required under s65 of the Local Government Finance Act 1992 and more generally as proposed here, which operates as a set of rules of law. These rules are that:

1. consultation must be at a time when proposals are still at a formative stage;
2. the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response;
3. adequate time must be given for consideration and response; and
4. the product of consultation must be conscientiously taken into account in finalising any statutory proposals.

Added to which are two further principles that allow for variation in the form of consultation, which are

5. the degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting; and
6. the demands of fairness are likely to be somewhat higher when an authority contemplates depriving someone of an existing benefit or advantage than when the claimant is a bare applicant for a future benefit.

It should be noted that the consultation to be undertaken as a result of this report is on the Budget proposals, and consequently the Cabinet's general approach to the savings requirements, and not on the various decisions to take whatever actions that may be implicit in the proposals and later adoption of that budget, each of which may or may not require their own consultation process.

10.3 Human Resource Implications

In order to deliver the phase one changes outlined in this document the council is proposing to restructure a number of teams and departments which may result in a number of posts being affected. The table below explains the staffing implications including the outcome of the recent voluntary redundancy process and has been refreshed since the publication included in the November Cabinet report.

The council's approach to minimising any compulsory redundancies will be the same as in other years, including deleting vacant posts, redeployment of affected staff and seeking voluntary redundancies where we are able to do so.

This information relates to council staff only. The phase one proposals will also impact on the council's partners. Cabinet will outline the impact of the phase two proposals when they are published in January.

Staff implications	Total
Total number of affected posts	55
Less vacant posts to be deleted	-12
Posts be to found through redundancies	43
Less voluntary redundancy acceptances	-14
Less redeployment of staff at risk of redundancy	-1
Compulsory redundancy total	28

In addition to the figures in the table above, the council has accepted a further five voluntary redundancies for various reasons.

10.4 Equality Impact Assessments

All budget proposals published in this first phase have been considered with regards to equality issues and where appropriate equality impact assessments have been completed and available on the council's website.

11. BACKGROUND DOCUMENTS

n/a

Appendix 1 – Phase one budget proposals

Appendix 1: Phase One Budget Proposals

Further detail on these proposals can be seen in the published document: 'MTFS Phase 1 budget proposals'

Dept.	UID	Description	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Adult Social Care & Health and Wellbeing	Z002	Better Care Fund - protecting social care	-1207	0	0	0	0
	Z003	Continuing Health Care	-625	-625	-625	-625	-625
	Z004	Assistive Technology	-250	-500	-500	-500	-500
	Z005	Reablement	-350	-350	-350	-350	-350
	Z007	Joint Funding Protocol Review	-250	-250	-250	-250	-250
	Z008	High Costs Placement Review	-800	-800	-800	-800	-800
	Z009	Low Cost care Packages Review	-400	-400	-400	-400	-400
	Z011	Electronic Call Monitoring	-500	-500	-500	-500	-500
	Z012	Transformation of Adult Social Care	-363	-363	-363	-363	-363
	Z014	Interim Beds	-100	-100	-100	-100	-100
	Z018	Day opportunities for under 65's	-600	-600	-600	-600	-600
	Z023	Community-based Care	-400	-400	-400	-400	-400
	Z023b	Development of Extra Care Housing schemes	-100	-100	-100	-100	-100
	Z073	Adult social care demography changes	-1072	-1514	-2033	-2561	-3019
Children's Services	Z016	Meeting the needs of challenging behaviour in schools	-150	-150	-150	-150	-150
Communities	Z015	Redesign of direct intervention, supervised contact and family group meeting services	-50	-50	-50	-50	-50
	Z017	Foster Care agency	-375	-750	-750	-750	-750
	Z020	Increase income generates by early years support team	-100	-100	-100	-100	-100
	Z021	Improving Public Health Awareness	-50	-50	-50	-50	-50
	Z022	Adolescent Intervention service	-323	-323	-323	-323	-323
Corporate	Z013	Pre-paid payment cards	-50	-50	-50	-50	-50
	Z027	Business Support	-1000	-1000	-1000	-1000	-1000
	Z079	Inflation	-1107	-1107	-1107	-1107	-1107

Dept.	UID	Description	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Governance	Z028	Restructuring within regulatory services	-200	-200	-200	-200	-200
	Z029	Communications	-200	-200	-200	-200	-200
	Z030	Coroner's Office	-150	-150	-150	-150	-150
	Z031	Elections	-100	150	-100	-100	-100
	Z078	Parking Revenue	-112	-112	-112	-112	-112
Growth and Regeneration	Z033	Increase in traded or shares planning services and reduction in staffing	-175	-175	-175	-175	-175
	Z034	Planning Service - reduction in legal and consultant budget	-40	-40	-40	-40	-40
	Z035	Reduction in Local Plan budget	-63	-63	-63	-63	-63
	Z036	Reduction in Tree Management	-127	-127	-127	-127	-127
	Z037	Concessionary Fares	-450	-250	-250	-250	-250
	Z039	Street Light Maintenance	-55	-55	-30	0	0
	Z040	Peterborough Highway Services staffing reduction	-130	-130	-130	-130	-130
	Z041	Climate Change staffing reduction	-28	-28	-28	-28	-28
	Z042	Climate Change Removal of Powerdown budget	-12	-12	-12	-12	-12
	Z075	Highways Contract inflation	-144	-144	-144	-144	-144
Resources	Z045	External Audit - reduced fees	-30	-40	-40	-40	-40
	Z046	Reorganisation of finance team	-100	-100	-100	-100	-100
	Z047	Insurance and risk management	-100	-100	-100	-100	-100
	Z048	Strategic Client team review	-100	-100	-100	-100	-100
	Z051	Property review	-100	-100	-100	-100	-100
	Z053	Serco Strategic Partnership	-266	266	0	0	0
	Z056	Waste Management - Energy from waste plant	-750	-100	-100	-100	-100
	Z058	Street Scene Services	-165	-165	-165	-165	-165
	Z059	Parks, Trees and Open Spaces	-278	-278	-278	-278	-278
	Z060	Waste Management - removal of bring bank sites	-45	-45	-45	-45	-45
	Z061	Waste Management - reduce treatment costs	-55	-55	-55	-55	-55
	Z062	Repairs and Maintenance	-130	-130	-130	-130	-130

Dept.	UID	Description	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Resources	Z067	Schools Capital programme	-411	-324	-324	-324	-324
	Z068	Growth Capital programme	-720	-1345	-1165	-865	-823
	Z069	Resources Capital programme	-430	-276	-36	-38	-39
	Z070	Capital project financing	-900	0	0	0	0
		TOTAL	-16,788	-14,510	-15,100	-15,300	-15,717