

CABINET	AGENDA ITEM No. 9
7 DECEMBER 2015	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Corporate Director Resources Steven Pilsworth, Service Director – Financial Services	Tel. 452520 Tel. 384564

PHASE 1 BUDGET PROPOSALS

R E C O M M E N D A T I O N S	
FROM : Cabinet Member for Resources	Deadline date : 27 November 2015
<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 2015, having had regard to feedback, <ol style="list-style-type: none"> a) Approval of phase one budget proposals, summarised in appendices one and two, to enable implementation of these budget proposals to commence; 3. Note the timetable for the phase two consultation and formal approval of the 2016/17 to 2025/26 Medium Term Financial Strategy as detailed at section 5. 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 9 March 2016. 	

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 25 November 2015.

2. PURPOSE AND REASON FOR REPORT

- 2.1. The purpose of this report is to enable Cabinet to consider the feedback from the consultation undertaken to date with Scrutiny, residents, partner organisations, businesses and other interested parties to recommend to Council approval of phase one budget proposals.
- 2.2. 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. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	Yes	If Yes, date for relevant Cabinet Meeting	7 December 2015
Date for relevant Council Meeting	17 December 2015	Date for submission to Government department	N/A

4. EXECUTIVE SUMMARY

- 4.1. The table below provides a budget summary of the current budget proposals for 2016/17 to 2020/21 as report to Cabinet meeting on 25 November 2015.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
MTFS Budget Gap (March 2015)	10,150	14,090	17,470	20,520	22,270
Forecast grant reductions	6,910	13,990	16,280	12,130	12,130
Emerging pressures – legislative (appendix 1)	890	1,450	2,010	2,580	4,140
Emerging pressures - local issues (appendix 1)	1,650	1,680	1,790	1,780	1,770
Updated Budget Gap Phase 1	19,600	31,210	37,550	37,010	40,310
Savings - phase 1 (appendix 2)	(9,430)	(11,260)	(12,650)	(12,810)	(13,380)
Carry forward of 2015/16 savings	(2,660)	0	0	0	0
Saving proposals still to find (Phase 2)	7,510	19,950	24,900	24,200	26,930

- 4.2. In order to ensure that a balance budget is set for 2016/17, a second phase of budget proposals will follow after Christmas, where Members and interested parties will again be able to provide feedback on these proposals (section 5).

5. CONSULTATION APPROACH

- 5.1. Cabinet's approach to seek feedback on phase one budget proposals was outlined within the 25 November Cabinet report.
- 5.2. All the phase one proposals, which are being consulted upon, are included in Appendix 2. Final decisions on phase one proposals are to be approved and recommended to Council on 17 December, taking into consideration all of the consultation feedback received by that date.
- 5.3. The opportunity to provide feedback on the phase one proposals have been in the public domain since 17 November, confirmed by Cabinet on 25 November and will run until 16 December. The budget conversation received to date includes:
- 12 responses via the online survey. Cabinet continue to review comments and specific ideas;
 - No direct emails or letters have yet been received.
- 5.4. Cabinet leads have, and will, attend various meetings and discussion forums to gather feedback, see following table. The presentations made at these events have provided the context to the Council's financial position, phase one budget proposals and included specific issues that may impact on that groups attending the meetings or discussion forum, as well as providing an opportunity to ask more detailed questions.

Forum	Date
Borderline and Peterborough Executive Partnership Board	20 November
Disability Forum	26 November

Schools Forum	2 December
Greater Peterborough Partnership City Leader's Forum	3 December
Peterborough Community Assistance Scheme	7 December
Youth Council	8 December
Bondholder Breakfast	10 December
Peterborough Housing Partnership	10 December
Connect Group	11 December
Parish Council	16 December
Discussion with Trade Unions Joint Consultative Forum (JCF)	17 December

- 5.5. 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 all consultation events in this report. The feedback, if any from these discussions, will be included as an addendum to this report and to Council on 17 December.
- 5.6. The addendum will be publically available prior to Cabinet on 7 December and will include the finalised phase one budget proposals to be recommended to Council on 17 December having given consideration to the feedback received.

Scrutiny feedback on phase one budget proposals

- 5.7. The Joint meeting of the Scrutiny Committees and Commissions discussed the budget proposals, the Council Tax Support Scheme, and the Hardship Policy, at the meeting held on 26 November. Cabinet will provide a full response to the recommendations raised at this meeting within the feedback addendum to be tabled at Cabinet on 7 December.

Phase Two Budget Proposals and Formal Budget Process

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

Meeting	Content	Date
Phase Two (including the remaining budget documents for Council Tax, reserves and the Medium Term Financial Strategy)		
Cabinet	Release of second tranche of budget proposals	18 January 2016
Scrutiny	Formal scrutiny of budget proposals	10 February 2016
Cabinet	To recommend the second tranche of budget proposals to Council having regard to feedback	29 February 2016
Council	Approval of budget and council tax	9 March 2016

6. ANTICIPATED OUTCOMES

- 6.1. 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.
- 6.2. These budget proposals will be included as an addendum to the Medium Term Financial Strategy 2016/17 to 2025/26, noted as arrived by Council on 17 December 2015, but will not be debated again by Council on 9 March 2016.

7. REASONS FOR RECOMMENDATIONS

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

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1. No alternative option has been considered as the Cabinet is responsible under the Constitution for initiating Budget Proposals and the Council is statutorily obliged to set a lawful and balanced budget by 11 March annually.

9. IMPLICATIONS

9.1. 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.

9.2. 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 9 March 2016, 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.

9.3. Human Resource Implications

In order to deliver the Phase One changes outlined in this document some posts will be affected. The table below explains the staffing implications.

The 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 it is possible to do so.

This information relates to Council staff only. We will outline the impact of the Phase Two proposals when they are published in January.

Staff implications	Total
Total number of affected posts	12
Less vacant posts to be deleted	(4)
Posts be to affected through redundancies	8
Less voluntary redundancy acceptances	TBC
Potential compulsory redundancy total	8

9.4. Equality Impact Assessments

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

10. BACKGROUND DOCUMENTS

Medium Term Financial Strategy Budget 2016/17 Phase One Proposals Document from Cabinet 17 November 2015

Appendix 1 – Phase One Emerging Pressures

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
LEGISLATIVE PRESSURES					
Children in care until the age of 25	150	150	150	150	150
National Living Wage	440	1,000	1,560	2,130	3,690
Climate change levy	280	280	280	280	280
Taxi licensing income	20	20	20	20	20
Children in care until the age of 25	150	150	150	150	150
Income generated through Schools Improvement Services - Education	440	1,000	1,560	2,130	3,690
Total Emerging pressures – legislative	1,480	2,600	3,720	4,860	7,980
OTHER PRESSURES					
Unaccompanied asylum seeking children	100	100	100	100	100
Deprivation of Liberty Safeguards (DoLS)	180	180	180	180	180
Increase legal services budget	130	130	130	130	130
School transport	540	540	540	540	540
Procurement	440	470	460	450	440
Property portfolio	260	260	260	260	260
Loss of mausoleum income	-	-	120	120	120
Total Emerging pressures - local issues	1,650	1,680	1,790	1,780	1,770

Appendix 2 – Phase One Budget Proposals

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
People & Communities savings from previous MTFS	2,000	3,000	3,000	3,000	3,000
Managing Demand - The Front Door Project	(1,460)	(4,160)	(4,160)	(4,160)	(4,160)
New Ways of Working	(250)	(500)	(500)	(500)	(500)
Reducing spend on agency social workers – Children’s Services	(420)	(370)	(340)	(340)	(340)
Developing a permanency service – Children’s Services	-	(650)	(900)	(900)	(900)
Creation of Health and Social Care System teams – Adult Social Care	(350)	(350)	(350)	(350)	(350)
Income generated through Schools Improvement Services - Education	(200)	(200)	(200)	(200)	(200)
Business rates growth	(580)	(500)	(500)	(500)	(500)
Council tax growth - one off benefit	(1,000)	-	-	-	-
Council tax growth	(690)	(950)	(1,220)	(1,480)	(1,760)
New Homes Bonus growth	(620)	(960)	(1,330)	(1,690)	(2,040)
Expansion of solar PV schemes	(640)	-	-	-	-
Future delivery of property services	(100)	(100)	(150)	(150)	(150)
Update on capital programme	(270)	(210)	(160)	(160)	(160)
Repaying our capital debt over a longer period	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Revenue impact on changes to Schools Capital Programme	(920)	(630)	(330)	620	1,190
Patching & Fee for Head of Peterborough Highways Services	(180)	(180)	(180)	(180)	(180)
Coroner’s services	(40)	(40)	(40)	(40)	(40)
Shared chief executive with Cambridgeshire County Council	(60)	-	-	-	-
Occupational health, workforce development and training	(70)	(70)	(70)	(70)	(70)
Care Act funding & Public health efficiencies	(550)	(550)	(550)	(550)	(550)
Abolition of contracting out of state second pension (S2P)	(260)	(260)	(260)	(260)	(260)
Abolition of contracting out of S2P	(770)	(1,580)	(2,410)	(2,900)	(3,410)
Carry forward of 2015/16 savings	(2,660)	-	-	-	-
Total Phase 1	(12,090)	(11,260)	(12,650)	(12,810)	(13,380)

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