

**ITEM 9(iii) – FOR INFORMATION**

<b>CABINET</b>	<b>AGENDA ITEM No. 4</b>
<b>5 DECEMBER 2016</b>	<b>PUBLIC REPORT</b>

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	
<b>FROM :</b> Cabinet Member for Resources	<b>Deadline date :</b> N/A
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. Note the timetable for the phase two consultation and formal approval of the 2017/18 to 2026/27 Medium Term Financial Strategy as detailed at section 5;</li> <li>3. Note that budget proposals considered by Council on the 14 December 2016 will form part of the Medium Term Financial Strategy but will not form part of the second stage of consultation or Council debate on 8 March 2017; and</li> <li>4. Recommend to Council, having had regard to feedback, approval of the phase one budget proposals, summarised in Appendices 1 and 2, to enable implementation of these budget proposals to commence. These proposals include a council tax increase of 2%, plus the increase of 2% for the Adult Social Care precept.</li> </ol>	

**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 7 November 2016.

**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	5 December 2016
Date for relevant Council Meeting	14 December 2016	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 2017/18 to 2021/22 as report to Cabinet meeting on 7 November 2016.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Opening Budget before the GE reserve</b>	<b>15,289</b>	<b>24,347</b>	<b>31,170</b>	<b>33,807</b>	<b>34,285</b>
<b>Planned use of the GE reserve</b>	<b>(11,188)</b>				
<b>Opening Budget Gap (2016/17 Strategy)</b>	<b>4,101</b>	<b>24,347</b>	<b>31,170</b>	<b>33,807</b>	<b>34,285</b>
Phase 1 - Grant Adjustments					
Phase 1 – Pressures	3,330	2,377	2,844	3,136	3,428
Phase 1 - Investments	182	272	330	352	352
Add back planned use of the GE reserve	11,188				
<b>Initial Budget Gap</b>	<b>18,801</b>	<b>26,996</b>	<b>34,344</b>	<b>37,295</b>	<b>38,065</b>

4.2 The next table outlines the position if all Phase 1 proposals are accepted. The phase 1 Budget position is currently balanced, however only with the use of £8.9million of the Grant Equalisation reserve. The budget gap in 2018/19 is £17.8million. Further urgent work is needed in phase 2 to reduce the reliance on reserves, and to help close the budget gaps in following years.

<b>Initial Budget Gap</b>	<b>18,801</b>	<b>26,996</b>	<b>34,344</b>	<b>37,295</b>	<b>38,065</b>
Phase 1 - Efficiencies	(2,692)	(3,729)	(3,410)	(3,507)	(4,060)
Phase 1 – Income	(7,256)	(2,870)	(2,718)	(2,720)	(2,722)
<b>Revised Budget Gap</b>	<b>8,853</b>	<b>20,397</b>	<b>28,216</b>	<b>31,068</b>	<b>31,283</b>
Use of the GE reserve (£11,444)	(8,853)	(2,591)			
<b>Total Budget Gap</b>	<b>0</b>	<b>17,806</b>	<b>28,216</b>	<b>31,068</b>	<b>31,283</b>

4.3 These proposals alone do not provide a balanced budget for 2017/18, only with the use of the Grant Equalisation Reserve will it be balanced. A second phase of budget proposals will follow after Christmas to focus on reducing the reliance on the reserve and look to close the gap in future years. 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 7 November 2016 Cabinet report.
- 5.2. All the phase one proposals, which are being consulted upon, are included in Appendix 1. Final decisions on phase one proposals are to be approved and recommended to Council on 14 December 2016, 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 28 October 2016, confirmed by Cabinet on 7 November 2016 and will run until 12 December 2016. The budget conversation received to date includes:
- a) 26 responses via the online survey. Cabinet continue to review comments and specific ideas;
  - b) 9 direct emails or letters have been received.
- 5.4. Officers have, and will, attend various meetings and discussion forums to gather feedback, see following tables. 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.
- 5.5. Meeting which have been held to date:

Forum	Date
Borderline and Peterborough Executive Partnership Board	11 November
Disability Forum	17 November
Peterborough Community Assistance Scheme	8 November

- 5.6. Meeting which remain to take place:

Forum	Date
Schools Forum	7 December
Greater Peterborough Partnership City Leader's Forum	30 November
Youth Council	6 December
Bondholder Breakfast	7 December
Connect Group	9 December
Rural Scrutiny	30 November
Discussion with Trade Unions Joint Consultative Forum (JCF)	29 November

- 5.7. 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 14 December 2016.
- 5.8. The addendum will be publically available prior to Cabinet on 5 December 2016 and will include the finalised phase one budget proposals to be recommended to Council on 14 December 2016 having given consideration 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, the Council Tax Support Scheme, and the Hardship Policy, at the meeting held on 16 November 2016. The committee held a two hour discussion considering the

proposals, but did not make any formal recommendations. The feedback from this meeting is detailed in Appendix 2

### **Phase Two Budget Proposals and Formal Budget Process**

- 5.10. 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.

<b>Meeting</b>	<b>Content</b>	<b>Date</b>
<b>Phase Two</b> (including the remaining budget documents for Council Tax, reserves, The Treasury management strategy, Asset Management Plan and the Medium Term Financial Strategy)		
Cabinet	Release of second tranche of budget proposals	6 <sup>th</sup> February 2017
Scrutiny	Formal scrutiny of budget proposals	8 <sup>th</sup> February 2017
Cabinet	To recommend the second tranche of budget proposals to Council having regard to feedback	27 <sup>th</sup> February 2017
Council	Approval of budget and council tax	8 <sup>th</sup> March 2017

## **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 2017/18 to 2026/27, noted as arrived by Council on 14 December 2016, but will not be debated again by Council on 8 March 2017.

## **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**

### **Elected Members**

- 9.1 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. Section 106 of the Local Government Finance Act 1992 applies whereby 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.

## **Legal Implications**

- 9.2 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.
- 9.3 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.
- 9.4 When it comes to make its decision on 8 March 2017, 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.
- 9.5 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:
- Consultation must be at a time when proposals are still at a formative stage;
  - The proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response;
  - Adequate time must be given for consideration and response; and
  - The product of consultation must be conscientiously taken into account in finalising any statutory proposals.
- 9.6 Added to which are two further principles that allow for variation in the form of consultation, which are
- 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
  - 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.

## **Human Resource Implications**

- 9.7 There will be no implications on staffing as part of the phase one proposals.

## **Equality Impact Assessments**

9.8 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**

10.1 Medium Term Financial Strategy Budget 2017/18 Phase One Proposals Document from Cabinet 7 November 2016.

## **11. APPENDICES**

11.1 Appendix 1 – Phase One Pressures

11.2 Appendix 2 – Feedback Received