

CABINET	AGENDA ITEM No. 10
13 December 2010	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452398 Tel. 384564

MEDIUM TERM FINANCIAL PLAN 2011/12 TO 2015/16

RECOMMENDATIONS	
FROM : Executive Director Strategic Resources	Deadline date : Cabinet
Cabinet is requested to:	
<ol style="list-style-type: none"> 1. Note the delay in releasing the provisional grant settlement, and the impact on Cabinet's plans to release updated budget proposals with this agenda; 2. Approve the approach to bringing these updated budget proposals forward for discussion once the settlement has been received; 3. Note the level of budget consultation responses received to date in response to the consultation starting one month earlier than previous years, and that the consultation will remain open until early February reflecting Cabinet's desire to be open, transparent and inclusive and give people a chance to put forward their suggestions and ideas; and 4. Approve the approach to publishing initial responses to the consultation feedback alongside the updated budget proposals. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following approval by the Corporate Management Team.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This report comes to Cabinet as part of the council's agreed process for integrated finance and business planning. The report updates Cabinet on the position with regard to publishing updated budget proposals for 2011/12 through to 2015/16 to enable scrutiny, stakeholder and public consultation.
- 2.2 The council's agreed Annual Budget Framework requires Cabinet to consider the council's budget and financial strategy and to set provisional cash limits for the forthcoming year.
- 2.3 This report is for Cabinet to consider under its Terms of Reference No. 3.2.7, To be responsible for the Council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit.

3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	Yes	If Yes, date for relevant Cabinet Meeting	13 December 2010
Date for relevant Council Meeting	23 February 2011	Date for submission to Government department	March 2010

4. **FUTURE BUDGET PROSPECTS AND DRAFT BUDGET PROPOSALS 2011/12 TO 2015/16**

4.1 Cabinet released draft budget proposals for the coming five years at the end of October, and approved these as the basis for starting consultation with our communities. These proposals were released a month earlier than in previous years. The proposals were based on the approach outlined below.

Priorities and approach

4.2 The budget proposals put forward maintain our commitment to delivering the Sustainable Communities Strategy, including:

- Improving educational attainment and skills for our children and young people. A key part of this vision is bringing established universities to deliver courses to students in Peterborough in a multi-versity approach. It will enable people to study a wider choice of higher education courses without having to leave the city;
- Safeguarding children and vulnerable adults;
- Growth, regeneration and economic development of the city to bring new investment and jobs;
- Environment Capital agenda including pursuing new income streams from solar energy and wind farm developments;
- Delivering services at a neighbourhood level; and
- Supporting Peterborough's Culture Trust, Vivacity, to continue to deliver arts and culture in the city.

The Cabinet has been working on the budget proposals since June 2010. It has based its work on the following principles, actions and priorities:-

- Continuing to reduce costs and bureaucracy by robustly pursuing its efficiency agenda through the business transformation programme and other council departments;
- Further reducing its dependence on consultancy where it is appropriate to do so and upskilling its own workforce;
- Considering other ways of delivering the best services to our residents that place less of a financial burden on the tax payer including working with voluntary organisations and businesses to secure value for money and improvements in performance;
- Reducing the number of people employed by the organisation and reducing senior management costs;
- Reviewing all the buildings the council owns and uses and ensuring they are being used as efficiently and effectively as possible and any that are no longer needed are disposed of;

- Continuing to secure savings by ensuring services provide the best value for money for our residents; and
- Only making reductions in services where there is still not enough money available to deliver them when other savings have been accounted for.

4.2 This approach was set against the grant reductions outlined in the Spending Review on 20th October 2010, where the Government announced its spending plans for the next four years. As a result, councils will receive an overall reduction in Government funding of 28% in real terms over four years. It was established that the cuts would be front-loaded which means the council would face greater reductions the first year and therefore we expect to see a reduction of over 10% in real terms in that first year.

5. PROVISIONAL GRANT SETTLEMENT AND IMPACT ON UPDATED PROPOSALS

5.1 At the time that the draft proposals were released, the council was aware that it would not know the total impact of all the Government's announcements until the Local Government Finance Settlement in early December. However, rather than wait for these announcements, Cabinet put together its proposals to meet the budget challenge a month earlier than it usually would. By doing this, the Cabinet wanted to give residents, partner organisations, businesses and other interested parties the chance to read and digest all of the savings, efficiencies, service reductions and investments they plan to make to enable the city to continue to grow and give residents the best quality of life.

5.2 The Local Government Finance Settlement was expected in early December, and it was intended that Cabinet would consider the impact of this on the budget plans at their meeting of 13th December, including updating those proposals as necessary. At the time of the release of the Cabinet agenda (3rd December), the settlement had not been published.

5.3 Cabinet remains committed to publishing budget proposals as soon as it is able, to allow interested parties the maximum amount of time to review and comment on those proposals. The intention remains to consider these at the meeting of 13th December, provided that the settlement is released in sufficient time to enable these to be published.

5.4 If the settlement is not released in time, then Cabinet may have to consider an additional meeting before Christmas to consider the updated proposals. Waiting until the next Cabinet meeting in February for this would not allow the consideration by Scrutiny required under the budget and policy framework.

5.5 The Council is also awaiting the schools settlement, including the level of Dedicated Schools Grant. Similarly, if this is received before Cabinet meet on the 13th then it can be considered at that stage. If it is not received, then separate arrangements may need to be made to approve overall schools spending.

5.6 It is expected that the updated proposals brought to Cabinet will include a full draft of the medium term financial plan, including the following:

- Report from the Chief Finance Officer;
- Probable Outturn 2010/11;
- Key Figures and associated capacity bids and saving schedules;
- Fees and Charges;

- Reserves position;
- Capital Programme;
- Capital Strategy;
- Asset Management Plan;
- Treasury Strategy, Prudential Code and Minimum Revenue Position Strategy;
- Draft Adult Social Care Annual Accountability Agreement; and
- Update on budget consultation responses received to date - with responses from Cabinet.

6. CONSULTATION FEEDBACK

- 6.1 Consultation on the draft proposals has been underway since Cabinet on 8th November. This has so far included:
- A web-based consultation;
 - A special 'Your Peterborough' magazine, summarising proposals and inviting feedback delivered to all households in Peterborough;
 - Copies of proposal documents placed in all libraries and receptions at Council buildings;
 - A range of meetings with partners and stakeholders, including:
 - Greater Peterborough Partnership
 - Lord Lieutenant
 - Youth Council and Youth MP
 - Churches Together
 - Voluntary Sector through Peterborough Council for Voluntary Service;
 - Sustainable growth scrutiny committee;
 - Trades Unions;
 - Staff briefings and feedback; and
 - Discussions with the business community (due to take place on 7th December).
- 6.2 To date 38 responses have been received regarding the budget proposals including 27 e-mail responses, 4 written responses, 4 from the Website and 3 from the Your Peterborough form. Cabinet will consider this initial feedback and publish responses alongside the updated budget proposals.
- 6.3 The consultation will be open until 9th February 2011, allowing interested parties three months to put forward their views. As well as the consultation methods outlined above remaining open, the Council will also undertake the following:
- Neighbourhood councils;
 - Discussions with Parish Councils;
 - An evening briefing session on 15th December to which the whole Voluntary sector is invited.

Cabinet will continue to respond to all consultation responses over the coming months until the Budget is approved in late February.

7. HUMAN RESOURCE IMPLICATIONS

- 7.1 Our current best estimate of the staffing implications was included in the budget proposals document discussed by Cabinet on 8th November. Formal consultation has started with the Unions after the issuing of the HR1 notice. This requires a 90 day consultation period to be undertaken.

8. ANTICIPATED OUTCOMES

- 8.1 Provision of a balanced in year position and resultant actions is integral to the council's financial management and future budget proposals. The medium term financial plan to be consulted upon is part of delivering a sustainable budget in future years.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The financial challenges facing the Council are especially acute in coming years. As such it is important that the Council develops proposals early to allow full consultation and engagement on those proposals. These steps will help to ensure that the Council achieves a balanced budget, aligned to corporate priorities.

10 ALTERNATIVE OPTIONS CONSIDERED

- 10.1 Waiting until the next Cabinet meeting in February would not allow the consideration by Scrutiny required under the budget and policy framework and so was rejected.

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