

COUNCIL	AGENDA ITEM 15 (c)
7 DECEMBER 2011	PUBLIC REPORT

BUDGET AND POLICY FRAMEWORK – REVISED BUDGET TIMETABLE

R E C O M M E N D A T I O N S
FROM : <i>Executive Director Strategic Resources</i>
That Council:
<ol style="list-style-type: none"> 1. Approves a revised budget process and timetable that includes commencing budget consultation during January 2012.

1. PURPOSE AND REASON FOR REPORT

- 1.1 This report is presented to Full Council regarding a proposed budget process and timetable.
- 1.2 The current budget consultation process is outlined in the Council's constitution at 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 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 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.*

- 1.3 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. Last year, Cabinet's proposals were consulted over a month earlier than usual given the scale of financial impact of government funding reduction in local government financing and the general uncertainty of future government funding arrangements that government would be announcing through consultations during 2011.
- 2.3. Ordinarily Cabinet would commence budget consultation during December and recommend budget proposals to Full Council during the February Cabinet meeting.
- 2.4. However, there are currently a number of issues that mean that releasing proposals at this stage 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 the local retention of business rates and localisation of council tax benefit reforms. Although government consultation responses are not likely to be published until early next year which may potentially lead to further consultations during summer 2012, Cabinet are considering possible scenarios of financial implications;
 - ii. The provisional settlement is expected to be announced early December and therefore Cabinet will need to consider the financial implications following the settlement (in previous years this has had a significant impact on proposals, requiring additional Cabinet meetings);
 - iii. Government have announced a one year council tax freeze grant for 2012/13. There are financial implications for the council's finances that require further consideration. A recent first survey by the Local Government Chronicle published 24 November found "*A small minority of councils (4%) are likely to reject the deal outright and increase council tax while another 16% are undecided, according to responses from 146 council finance directors*"; and
 - iv. Localism bill and planning reform. Setting this budget and subsequent years requires regard and consideration to possible implications of localism and planning reforms.
- 2.5. Cabinet firmly believe that sustainable budgets over the medium term that support the council's priorities should be put forward. Cabinet have therefore considered an alternative budget timetable and propose that there is a special Cabinet meeting on 20 January to consider budget proposals. This would mean that consultation would start mid-January, which is not dissimilar to the approach followed by other councils. Commencing the consultation at this stage will still ensure that all residents, partner organisations, businesses and other interested parties have nearly six weeks to feed into the budget setting process before Full Council considers the budget on 22 February 2012.
- 2.6 There will also be knock effects on the timing of other meetings that support the process, including the following:

- Budget scrutiny;
- Neighbourhood council consultation;
- Other consultation events; and
- February Cabinet (that makes the formal budget recommendation to Council).

Possible alternative dates will be 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.

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 January 2012.
- 3.2. This revision is being considered for this budget round only, so is not presented as a permanent change to the Constitution. However, the Budget and Policy Framework will require review during 2012 to reflect possible changes following anticipated fundamental changes to local government funding arrangements from 2013/14.

4. IMPLICATIONS

Financial

- 4.1. There are no financial implications.

Legal

- 4.2. The proposals in this report comply with all legal requirements.

Equalities

- 4.3. An equalities impact assessment is undertaken as part of the budget setting process including consultation with relevant groups.

5. BACKGROUND DOCUMENTS

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

Council Constitution.

Review of other council's Budget and Policy Framework

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