

Report of:	Head of Finance and Head of Policy
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Portfolio Leader:	Leader of Council
Key Decision:	No
Report Track:	Cabinet: 31/01/13

**CABINET
31 JANUARY 2013
BUDGET CONSULTATION PROCESS 2013-14**

1 Purpose of Report

- 1.1 To update Members in relation to the findings of the Budget Consultation process for 2013-14.

2 Recommendations

- 2.1 That Members in determining the budget for 2013-14 to 2015-16 take into account the results of the Consultation process.

3 Key Issues and Reasons for Recommendation

- 3.1 Budget consultation is an essential part of the Council's budget process and public consultation budget is normally undertaken throughout the process each year.
- 3.2 The process this year is more complicated with no indicative figures provided as part of the 2012-13 budget process in relation to the Government Funding settlement for 2013-14. The settlement for 2013-14 being determined as part of a new funding regime consisting of Business Rates Retention and Revenue Support Grant
- 3.3 A draft Revenue Budget was considered by Cabinet at its meeting of November and 20 December 2012 but due to the actual settlement not being published until the 19th and 20th December, cabinet were unable to determine a Consultation Budget as at those dates.

- 3.4 Cabinet at its meeting of the 20 December authorised the Leader of the Council, in conjunction with the Chief Executive and Section 151 officer to determine a Consultation Budget in advance of the next Cabinet Meeting enabling consultation with Scrutiny (Delivering Change panel); Shadow Cabinet and other stakeholders to take place as soon as practically possible in the new year.
- 3.5 A consultation budget was published on the 4th January 2013 and is attached as Annex One.
- 3.6 In order to provide maximum opportunity for public consultation prior to formal consideration by Cabinet at their meeting on 31st January 2013; consultation responses were invited from 4th January to 23rd January inclusive.
- 3.7 The closing date of 23rd January will enable full analysis of consultation responses to be undertaken and provided to Cabinet to inform the determination of budget recommendations on 31st January. In view of the timescales involved, any consultation responses received after 23rd January but prior to the meeting on 31st January will be provided to Cabinet for information; however depending upon the volume of such responses and when they are received, it may not be possible to include these in the analysis.
- 3.8 The Delivering Change Panel considered the options at its meetings of the 7th and determined to accept the proposals with regard to the consultation budget.
- 3.9 Cabinet in determining a balanced budget will need to take account the results of the consultation process in finalising its recommendations to Council.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) The revenue budget reflects the agreed priorities of the Council as reflected in the Corporate Plan. The Standstill Budget expresses the cost of continuing with the Council's current policies into the future whereas Delivering Change both determines and re-allocates resources in accordance with agreed priorities.

5 Report Detail

- 5.1 Budget consultation is an essential part of the Council's budget process and public consultation budget is traditionally undertaken throughout the process each year.
- 5.2 The process for 2013-14 was particularly complicated with a large degree of uncertainty existing in relation to funding arrangements for 2013-14 and beyond. A new financial regime is to be introduced with effect from April 2013 whereby a proportion of business rates is retained by the council. The design of the scheme

has been ongoing throughout the year and resulted in Governments settlement being delayed until the 19/20 December 2012.

- 5.3 Cabinet having considered the medium term financial projection for the Council consultation process for the 2013-14 to 2015-16 determined as far as possible to adopt a standstill position for 2013-14 with a comprehensive budget strategy put in place for 2014-15.
- 5.4 A Consultation Budget was published on the 4 January 2013. The budget included limited service enhancements, but to be delivered within existing resources by utilising efficiency savings identified on procurement budgets and are delivered at no additional cost to the ratepayer.
- 5.5 In light of the limited nature of the consultation budget and the short timescale available to undertake consultation, every effort has been made to secure maximum public involvement including press releases, social media signposts through twitter and facebook, and circulation of the consultation questionnaire to the Council's voluntary panel of residents and associated community groups.
- 5.6 Public consultation commenced on the 4th January and concluded on Wednesday the 23 January 2013.
- 5.7 The results of the consultation will be provided to Cabinet prior to their meeting on 31st January 2013.

6 Implications

6.1 Financial

Provision exists within the 2011-12 budget for the costs of the budget process including consultation.

Financial implications of the budget process have been referred to through out the report.

6.2 Legal

In preparing a revenue budget for the district the Council is legally obliged to consult with its relevant stakeholders. Statutory budget consultees include trades unions, the voluntary sector and the business sector; however it is best practice to consult on its actual proposals with a wide range of consultees as possible.

The legal implications are set out throughout the report including the statutory requirement for the Council to set a balanced budget.

6.3 Human Resources

In accordance with the Council’s normal practice a series of employee and trade union briefings were undertaken at the same time as the Council’s budget proposals were made available to the public.

6.4 Section 17 (Crime Prevention)

The Council has a statutory duty under the Crime and Disorder Act 1998 to “exercise their various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all it reasonably can to prevent, crime and disorder in its area”.

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

The risk management implications of the budget are contained within the Reserves and Balances report which is contained as part of this Agenda

The consultation process enables the public and other consultees to be engaged in the budget setting process and in addition to fulfilling a statutory requirement contributes to ensuring the vision and aims and objectives of the council are effectively managed.

6.8 Equality & Diversity

In preparing a Balanced Budget Cabinet will need to ensure that due regard is made to Equality and Diversity Implications as well as financial considerations. The Standstill Budget will reflect the Councils current Equality and Diversity policy whereas changes to service provision will need to be addressed as part of the Delivering Change process.

6.9 Best Value

7 Appendices to the Report

Annex One	Consultation Budget
Annex Two	Delivering Change Panel Notes
Annex Three	Public Consultation – To follow

Previous Consideration

Background Papers

Draft General Fund Revenue Budget 2012-13 to 2015-16**Consultation Budget**

In accordance with the Resolution of the Cabinet meeting on 20 December 2012 the Leader of the Council, in conjunction with the Chief Executive and Section 151 officer, have given consideration to an updated report of the Head of Financial Management on the three-year standstill budget for the Council

A Consultation Budget for the period 2013-14 to 2015-16 has been prepared, enabling consultation with Scrutiny (Delivering Change panel), Shadow Cabinet and other stakeholders to take place as soon as practically possible in the new year.

The actual budget and level of Council Tax will be the subject of a formal recommendation to Council as determined by Cabinet at its meeting of 31 January 2013.

In preparing the Consultation budget particular account was taken of:

- the Draft Local Government financial settlement and in particular the 20% reduction in Government support from 2014-15 onwards
- the anticipated further material reductions in Government Support in 2015-16, 2016-17 and 2017-18 arising from the next Comprehensive Spending Review
- the impact of the Business Rates Scheme – with the potential positive impact being mitigated by the high level of appeals currently outstanding
- the ongoing impact of the recession and the introduction of Universal Credits
- the existing commitment of Cabinet to a number of service enhancements.

In addition, in determining the Consultation Budget for 2013-14 consideration was given to the Government's offer to provide partial support to enable Council Tax to be maintained at its current level, with no increase from 2012-13 to 2013-14.

The offer is substantially different from previous Council Tax Freeze proposals whereby the impact in future years was protected by the Government by a Grant reflecting inflation. The grant on offer for 2013-14 only relates to 2013-14 and 2014-15 and is set at only 1%.

Therefore, in light of the material savings required from 2014-15 it is proposed that Council Tax is increased by 2%, some 1% below the current level of inflation.

Having given due consideration to the above and to protect front line services both in 2013-14 and the future, it is proposed that any service enhancements are kept with in existing resources and are delivered at no additional cost to the ratepayer.

The limited ongoing service enhancements are to be financed from additional efficiency savings on consumable budgets, whereas one-off expenditure will be financed from the release from earmarked reserves no longer required.

Officers will continue to work on efficiency savings during the forthcoming year and measures to generate additional income from invest-to-save projects with any cuts in services being the last resort.

The consultation budget is primarily a one-year budget for 2013-14 pending the 2013 Comprehensive Spending Review and the delivery of the potential additional increase in resources from the Business Rates Retention scheme.

Service enhancements are attached as Annex A with Annex B highlighting service enhancements to be funded from the Councils capital resources.

Annex A

Financial Plan 2013-14 to 2015-16

Growth Options Subject to Consultation

	2013-14	2014-15	2015-16
Option	Estimate	Estimate	Estimate
Winter Gritting*	27,500	27,500	27,500
Hednesford Park Maintenance			30,000
Hednesford Park Heritage lottery Funding			-30,000
Public Health Officer *	25,000	25,000	25,000
Vulnerable Persons Champion	30,000	30,000	30,000
Apprenticeship Scheme *		50,000	
Southern Staffordshire Partnership	3,500	*	
Inflation		2,650	3,330
Total	<u>86,000</u>	<u>135,150</u>	<u>85,830</u>

* Subject to Report to Cabinet

Annex B

Financial Plan 2013-14 to 2015-16

Capital Growth Options Subject to Consultation

Option	2013-14	2014-15	2015-16
	£	£	£
Disabled Facility Grants	200,000		
Stile Cop Cemetery Phase 2	250,000		
Stadium Development Fund *			
Town Centres Improvements	200,000		
Total	<u>650,000</u>	<u>0</u>	<u>0</u>

Resources earmarked following receipt of Pye

* Green Section 106 and other related Capital Receipts/Grants .

General Fund Revenue Budget 2012-13 to 2016-17
Consultation Budget

	Forecast Outturn 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m
Original Budget 2012-13	12.021			
Standstill Budget 2013-14 to 2016-17		11.690	12.006	12.222
Supplementary Estimates since Original Budget Approval				
Community Toilet Scheme	0.010			
Chase Advice Centre	0.003	0.003	0.003	0.003
Approved Budget				
Committed Changes				
Homelessness Grant trf to Fund Allocation		0.066	0.066	0.066
Audit Fees	-0.034	-0.034	-0.034	-0.034
Leisure Outsourcing	0.030			-0.078
Staffing reviews				
Mill Green incl Appropriation	0.004	0.042	0.042	0.042
Economic Dev Support	-0.004	-0.042	-0.042	-0.042
LEP Officer	-0.020		0.020	
Likely Additional Commitments				
Land Drainage	-0.012	-0.012	-0.012	-0.012
Community Toilet Scheme		0.020	0.020	0.020
Interest on Balances	0.040	0.040	0.040	0.040
Capital financing Charges	-0.171	-0.167	-0.130	-0.130
2010 Actuarial Valuation - Gross HRA Recharges				
Insurance Reserve		-0.095	-0.095	-0.095
Dog warden Service	0.009	0.009	0.009	0.009
Inflation				
Contracts			-0.040	-0.080
Pay Award/Inflation adj				
Total Base Budget	11.876	11.520	11.852	11.931

General Fund Revenue Budget 2012-13 to 2016-17
Consultation Budget

	Forecast Outturn 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m
Potential Changes and Adjustments				
Base Budget Review				
Expenditure				
Income				
New Homes Bonus		0.079	-0.079	-0.150
Rebate Subsidy				
Income - Development related fees				
Planning - Fees Net	0.100	0.200	0.200	0.200
Building control - Fees	0.025	0.020	0.015	0.015
Car Park Income	0.030	0.030	0.030	0.030
Excess				
Land Charges				
licensing				
Cemeteries	0.027	0.027	0.027	0.027
Industrial Estates				
Rates				
Recycling Credits Parks		0.020	0.020	0.020
Market Shops	0.060	0.060	0.060	0.060
Other Properties				
Managers Variations	0.028	0.033	0.038	-0.002
	-0.080	0.010	0.092	0.017
Efficiency Savings				
Procurement		-0.100	-0.100	-0.100
Policy Options				
Growth		0.086	0.135	0.086
Estimated Net Spending	12.066	11.985	12.291	12.134

General Fund Revenue Budget 2012-13 to 2016-17
Consultation Budget

	Standstill Budget 2012-13 £m	Standstill Budget 2013-14 £m	Standstill Budget 2014-15 £m	Standstill Budget 2015-16 £m
Financing				
Anticipated Grant Income, Use of Balances & Reserves				
Balances	-0.316	0.105	0.813	0.889
Regeneration & Invest to Save Reserve				
Actuarial Valuation	0.053			
Stabilisation	0.061	0.116	0.116	
Interim use	0.034	-0.261	-0.251	
Reserves		0.124		
Collection Fund Surplus	0.065	0.065		
Business Rates Growth			0.474	0.483
<i>Government Funding</i>	5.843			
Revenue Support Grant		3.909	2.972	2.376
Business Rates - Baseline Funding		2.661	2.742	2.797
Council Tax	6.027	5.266	5.425	5.588
Council Tax Compensation Grant	0.299			
Total Grant Income, Use of Balances & Reserves	12.066	11.985	12.291	12.134
Amount to be found from Council Tax	6.027	5.266	5.425	5.588
	30,590	26,204	26,466	26,730
Estimated Council Tax Level	197.01	200.95	204.97	209.07
Estimated Council Tax Increase	0.00%	2.00%	2.00%	2.00%
Balances				
Opening Balances at 1 April	1.392	1.708	1.603	0.790
Use of Balances to Support Budget	-0.316	0.105	0.813	0.889
Closing Balances at 31 March	1.708	1.603	0.790	-0.099
Saving Requirement				
Required Balances	0.741	1.095	0.752	0.667
Cumulative Surplus	0.967	0.508	0.038	-0.767

ANNEX 2

CANNOCK CHASE COUNCIL
NOTES OF THE MEETING OF THE
DELIVERING CHANGE PANEL
MONDAY 7 JANUARY, 2013 AT 4.00 P.M.
IN THE CIVIC CENTRE, BEECROFT ROAD, CANNOCK

PRESENT:
Councillors

Kraujalis, J.T. (Chairman)

Bernard, J.D. Lovell, A.
Davies, D.N. Sutherland, M.
Freeman, Miss. M.A.

Officers

Brown, S.G. Chief Executive
Hunt, J. Senior Committee Officer
Kean, R. Head of Financial Management
McGovern, T. Corporate Director

Apologies

Spicer. Mrs. A.

1. Appointment of Chairman

Councillor J.T. Kraujalis was appointed Chairman for the meeting and it was agreed that Councillor J.D. Bernard Chair the meeting scheduled for 10 January, 2013.

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

<u>Member</u>	<u>Nature of Interest</u>	<u>Type</u>
Kraujalis, J.T.	Volunteer Advice Worker at the Cannock Chase Advice Centre	Personal
Freeman, Miss. M.A.	Trustee at the Cannock Chase Advice Centre	Personal

3. Introduction and Purpose of Session and Presentation

Bob Kean, Head of Financial Management outlined the format of the

meeting and stated that as in previous years two meetings of the Panel were scheduled and the second meeting, subject to Members requirements, would take place on Thursday 10 January, 2013.

He then gave a presentation and provided a summary for Members on the current budget position, issues facing the Council and the financial background to the consultation options. He advised the Panel that the Government provided the settlement figure to the Council late December, 2012 and as a consequence the consultation could not take place before last week.

He explained that the budget for 2013/14 was balanced, however Members were advised that the Council would face a budget deficit or saving requirement in 2014-15 and 2015-16 and could increase further following the next Comprehensive Spending Review. In relation to Council Tax the maximum council tax increase which could be set by the Authority in line with the Government was 2%. Although if the Council set a tax increase the Government would provide compensation to the Council of 1% for two years only. If a decision was made to freeze council tax the revenue would be foregone.

The Head of Financial Management explained the financial pressures particularly with regard to income being lower than expected for car parks, shops, recycling, cemeteries and planning fees.

The Councils budget strategy was outlined however a great deal of uncertainty existed at present and a number of savings strands were being worked upon to form part of the 2014-15 deliberations.

It was explained that the Business Rates Retention Scheme would take effect from April, 2013. Information was provided to Members on the scheme and it was reported that some 296 cases with a total rateable value at around £48m had been lodged. A number of the appeals dated back some years, however if the appeals were successful the impact would fall within the new scheme.

Members were provided with information with regard to the General Fund Capital Programme and it was explained that additional capital receipts would be received as a result of the Red Lion Street, Norton Canes housing development.

The Chief Executive referred to the saving strands and reported that along with other savings a Senior Management Restructure would take place with options going forward to Cabinet Members on 24 January, 2013. He also advised that Heads of Service had been requested to look at other services which could be shared and the possibility of outsourcing.

4. Discussion – Consultation Proposals and Draft Budget

The Head of Financial Management then referred to the Consultation Budget and advised that wherever possible a status quo position had been maintained for 2013-14 pending greater clarity being provided on the Business Rates Retention scheme and its impact on Cannock Chase. A budget Strategy existed and only essential growth options had been put forward for next year that would be contained within efficiencies generated.

Members of the Panel were then asked what their response was to the budget consultation, and information was provided on the following revenue and capital options:

- Public Health Post
- Winter Gritting
- Apprenticeship Scheme
- Southern Staffs Partnership
- Vulnerable Persons
- Stile Cop Cemetery

Members asked a number of questions as outlined.

Outstanding Liabilities

In response to this the Corporate Director and Head of Financial Management advised that there were no outstanding issues other than those Members were already aware of that impacted on the Budget.

Playing Fields/Pye Green Development

The Corporate Director referred to the Pear Tree and Nursery field sites and reported that a contribution of £500K was still due from Staffordshire County Council as part of the signing of the lease agreement for Rugeley Leisure Centre.

With regard to the Pye Green development the Chief Executive reported that assurance had been given by the County that £3 million would be made available this year. However, the money would need to meet a criterion and would need to be used in consultation with the County.

Parking Charges

It was reported that there were no proposals to increase car parking charges, although fees and charges would increase on items such as leisure and a national increase on planning.

Cannock Swimming Pool

It was reported that a contract existed with the Contractor whereby if late

delivery of the scheme occurred and the contractor was liable for the delays then a financial deduction would be made from payments to that contractor.

Leisure Facility, Hednesford

In response to a question concerning subsidy for the new leisure facility in Hednesford, the Corporate Director confirmed that no subsidy would be given to the operator and further explained that any maintenance costs would be incurred by the operator of the venue. The only costs that the Council would incur would be that of any works required of a structural nature to the facility.

Members agreed to accept the proposals with regard to the consultation budget.

The Chairman and Members then agreed that there was no requirement to meet again and therefore the meeting scheduled for Thursday 10 January, 2013 should be cancelled.

Members also requested that a copy of the presentation given by the Head of Financial Management be circulated.

The meeting closed at 5.40 p.m.