

Bath & North East Somerset Council

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| MEETING: | Cabinet | | |
| MEETING DATE: | 8 February 2012 | AGENDA ITEM NUMBER | E2332 |
| TITLE: | Medium Term Service & Resource Planning 2012/13 – 2014/15, & Budget and Council Tax 2012/13 | | |
| WARD: | All | | |

AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix 1 - The Budget and Council Tax Proposal of the Cabinet 2012/13. This comprises a covering document, plus 6 Annexes

Annex 1 Draft Base Revenue Budget 2012/13 – individual service cash limits

Annex 2 Section 25 of the Local Government Act 2003 - Chief Financial Officer's Report on Adequacy of Balances and the Robustness of the Budget

Annex 3 Draft Capital Programme 2012/13-2016/17 including other emerging projects and programmes on an indicative basis - items shown in for provisional approval.

Annex 4 Minimum Revenue Provision (MRP) Policy

Annex 5 Medium Term Service & Resource Plan (MTSRP) Savings Detail

Annex 6 Equalities Assessment

Appendix 2 - Medium Term Service & Resource Planning Assumptions 2012–2016

Appendix 3 - Budget Setting Process – Advice of the Monitoring Officer

1 THE ISSUE

- 1.1 This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2012/13 financial year together with a proposal for a Council Tax level for 2012/13.

2 RECOMMENDATION

The Cabinet is asked to recommend:

- 2.1 That the Council approve:

- a) The General Fund net revenue budget for 2012/13 of £120.106m with no increase in Council Tax.
 - b) That no Special Expenses be charged other than Town and Parish Council precepts for 2012/13.
 - c) The adequacy of reserves at Appendix 1 Table 9 with a risk-assessed level of £10.5m.
 - d) The individual service cash limits for 2012/13 summarised at Appendix 1 Table 5 and detailed in Annex 1.
 - e) That the specific arrangements for the governance and release of reserves, including invest to save proposals, be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Community Resources and the Chief Executive.
- 2.2 That the Council include the precepts set and approved by other bodies including the Local Precepts of Town Councils, Parish Councils and the Charter Trustees of the City of Bath, and those of the Fire and Police Authorities in its Council Tax setting.
- 2.3 That the Council acknowledges the Section 151 officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves (Appendix 1, Annex 2) and approves the conditions upon which the recommendations are made as set out throughout Appendix 1.
- 2.4 That in relation to the capital budget the Council:
- a) approves a capital programme of £37.471m for 2012/13 and notes items for provisional approval in 2012/13 and the programme for 2013/14 to 2016/17 as shown at Appendix 1, Annex 3 including the planned sources of funding .
 - b) approves the Minimum Revenue Provision Policy as shown at Appendix 1, Annex 4
 - c) approves the Capital Prudential Indicators as set out in Appendix 1 Table 7.
- 2.5 That the Council notes the Policy Development & Scrutiny review of Medium Term Service and Resource Plans and 2012/13 Service Action Plans and instructs the relevant officers to finalise and publish their Medium Term Service and Resource Plans and Service Action Plans by end of March 2012, in consultation with the relevant Cabinet Member and in light of feedback from the PD&S reviews, and in line with the approved cash limits.
- 2.6 Authorise the Divisional Director – Finance, in consultation with the Cabinet Member for Community Resources, to make any necessary presentational improvements to the draft budget proposal for submission to Council.

3 FINANCIAL IMPLICATIONS

3.1 The financial implications are contained within the body of the report.

4 COMMUNITY STRATEGY OUTCOMES

4.1 The framework for service and resource planning aims to ensure that resources are aligned to corporate priorities as set out in the Council's current Corporate Plan, which in turn reflect the Bath & NE Somerset Community Strategy.

5 CORPORATE IMPROVEMENT PRIORITIES

5.1 The framework for Service and Resource planning aims to ensure resources are aligned to corporate priorities and improving the delivery of services and cross-Council priorities, linking performance with resources and value for money.

6 THE REPORT

6.1 In this document the Cabinet sets out the following:-

- Its medium term service and resource planning financial assumptions (Appendix 2) which set the basis for the draft budget proposal for 2012/13.
- Its draft budget proposal for 2012/13 (Appendix 1). This provides the detail of the first year of the Medium Term Service and Resource Plans and recommends revenue and capital budgets for 2012/13, together with capital commitments for future years, and recommends a level of Council Tax for 2012/13.

6.2 The budget proposal builds on the prudent financial management of the Council and is designed to maintain front line services as far as possible whilst recognising the significant financial challenge facing the public sector. The budget proposals include:

- A net £2.8m or 2.3% decrease in the non-schools budget to £120.106m
- An overall increase in the DSG, estimated at £300k with a total funding of £114.1m. The Dedicated Schools Grant (DSG) increase compared to 2011/2012 is complicated by the conversion of several schools to academies. This increase is related to an increase in the number of pupils in our schools. The overall total represents a cash freeze compared to 2011/2012. However as schools convert to academies the Department for Education (DFE) recoup the DSG payable to the Local Authority in order to make payments direct to the academies. The DFE estimate the recoupment will be £24.6m in 2012/2013 leaving £89.5m payable to the Local Authority.
- A freeze in the Council's level of Council Tax, which excludes Polices, Fire and Parish precepts.
- These budget proposals are set out in detail at Appendix 1.

6.3 It is important to be clear on the process to be followed in setting the 2012/13 Budget. The Monitoring Officer has given specific guidance which is set out at

Appendix 3, and in particular the need for the Council to approve a balanced budget.

- 6.4 The Monitoring Officer has also highlighted the implications arising if it does not prove possible for the Council to set a budget at its meeting on 14th February and any decision having to be deferred until the reserve date on 23rd February. This includes potential delays to the Council Tax billing process.

7 RISK MANAGEMENT

- 7.1 The report author (the Council's Section 151 Officer) has fully reviewed the risk assessment related to this report and recommendations and consulted with the Lead Cabinet member.
- 7.2 In addition Appendix 1 to this report includes (at Annex 2) the Section 151 Officer's assessment of the Robustness of Estimates and Adequacy of Reserves. One of the considerations taken into account is the Directors' Review of Robustness of Estimates and Budget Risks/Sensitivities and the Corporate Risk Register. This is completed by all Directors in respect of their own services.

8 RATIONALE

- 8.1 The rationale for the recommendations is contained in the supporting paper to this report.
- 8.2 The Council's Section 151 Officer is the Divisional Director - Finance. This report reflects information already presented to Policy Development and Scrutiny by the Director. As Section 151 Officer his duties include ensuring a prudent and balanced budget is set on time which properly takes into account the financial constraints and risks facing the Council.

9 OTHER OPTIONS CONSIDERED

- 9.1 The supporting paper and appendices also contain the other options that can be considered in making any recommendations.

10 CONSULTATION

- 10.1 Meetings have been and will continue to be held with staff, trades unions and other stakeholders during the development of service and resource plans which have fed into this budget. This has again included a Budget Fair, enabling cross service consideration of the range of proposals by a range of stakeholders.
- 10.2 Representatives of the business community were engaged in these consultations as part of the Budget Fair.
- 10.3 Comments received from consultation, including the Budget Fair, Policy Development and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

11 EQUALITIES

- 11.1 The Council is committed to ensuring that our financial decisions and the budgetary processes are subject to equality impact assessment / equality analysis. Bath & North East Somerset Council can demonstrate that we have analysed its decisions

from an equality perspective by continuing to use the equality impact assessment toolkits. The Council has a written record of the equality considerations that have been taken; our decision-making processes include a consideration of the actions that would help to avoid or mitigate any negative impacts on particular protected groups; our decisions have a stronger evidence base) through the use of equality mapping) making our decision-making processes more transparent.

11.2 During October 2011 Divisional Directors attended a workshop where they received further briefing on the Public Sector Equality Duty (PSED) and carried out a practical task identifying possible reductions in services and the effect those reductions may have on vulnerable people and groups. They considered possible 'mitigations', where initiatives could limit the adverse effects of the reductions in services. During November/ December 2011 all Policy Development and Scrutiny Panels received a briefing on the PSED and financial decision making. Strategic Directors received a briefing paper on PSED and discussed initial results of equality impact assessments on MTSRP / service planning proposals.

11.3 A summary report is appended to the budget report describing how we have addressed the PSED so far. This report enables us to make our decision making process as transparent as possible; telling 'the story' of the budget decisions; making information available for comment and engagement.

12 ISSUES TO CONSIDER IN REACHING THE DECISION

12.1 These include Social Inclusion; Customer Focus; Sustainability; Young People; Equality; Corporate; Impact on Staff and Other Legal Considerations such as the requirement to set a budget and Council Tax.

13 ADVICE SOUGHT

13.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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| Contact person | Tim Richens, Divisional Director – Finance (01225) 477468 |
| Sponsoring Cabinet Member | Councillor David Bellotti, Cabinet Member for Community Resources |
| Background papers | Medium Term Service & Resource Planning reports to Policy Development & Scrutiny Panels Draft Service Action Plan Reports to Policy Development & Scrutiny Panels in January 2012 Financial Settlement 2012/13 to 2013/14, CLG website |
| Please contact the report author if you need to access this report in an alternative format | |