

BUDGET SETTING PROCESS – ADVICE OF THE MONITORING OFFICER

1. It is important to be clear on the process to be followed in setting the 2012/13 Budget. This paper sets out the guidance provided by the Council's Monitoring Officer.
2. The Cabinet has the responsibility to prepare and propose a draft Budget to Council for its approval.
3. The Cabinet can, in its absolute discretion, receive from any political group that so wishes, an alternative budget proposal to that published in the Cabinet agenda papers. It can only consider such proposals if it is satisfied that they have been discussed with the Council's statutory officers and relevant Directors and that an impact statement from Officers about such proposals is available.
4. All proposals that the Cabinet meeting is prepared to consider will therefore be cleared with the Section 151 Officer, the Monitoring Officer, and relevant Strategic / Divisional Directors beforehand.
5. The Cabinet will formulate a budget proposal and Council Tax recommendation to the Council meeting on 14th February 2012. Such budget proposal may either take the form of a composite proposal or may include agreed core proposals and options for allocating parts of the budget.
6. The Council has available to it at the budget setting meeting two options. It can object to specific parts of the proposals and if it does so must require the Leader on behalf of Cabinet to reconsider its proposals. The Council is required to give the Cabinet the reason(s) why it considers those proposal(s) should be changed and it is then for the Cabinet to consider those proposed changes and the reasons put forward. Alternatively it is, of course, open to the Council to accept the budget in its proposed form at the meeting, in which case no further action is necessary.
7. Council may then determine the budget on the basis of the Cabinet's recommendations as set out in paragraph 5 above plus any insignificant changes adopted as amendments at the Council meeting. The constitution provides that the meeting itself (on advice from the Chief Executive) will decide whether any amendment to the budget proposals is of such significance as to amount to an "objection" to the budget so as to require reconsideration by the Cabinet.

8. However if a significant proposal is accepted on a vote at Council, from those notified at the Cabinet meeting, this stands as a formal objection within the terms of the law and will be referred to the Leader for him to secure consideration by the Cabinet and report back to the Council meeting on 23rd February 2012.
9. When the Cabinet has considered the objections, it is required to put its proposals (which may or may not be revised) back to the Council Meeting. If the Cabinet does not agree with Council's views on a proposed change, it is required to state why and the Council can then take those reasons into account, along with its original thoughts as to why the change was desirable. At the meeting, it is open to Council to take such decision as it sees fit on any variation from the budget as originally proposed that has been the subject of consideration under the process outlined in paragraphs 6 to 8.
10. In setting the budget the Council is required to approve a full budget resolution including the police, fire and parish precepts and the proposed Council revenue and capital budgets for 2012/13. That budget will include within it the overall proposed Council cash limits for 2012/13 including the provision for inflation, the proposed use of balances in the 2012/13 budget (if any) and the resulting budget requirement and Council Tax for Bath and North East Somerset including any recommendations for special expenses. The Council will also approve the borrowing limits for 2012/13 and prudential indicators.
11. Legally, the Council must set a balanced budget for the forthcoming year and determine the level of Council Tax. If a budget is not set by the date of the reserve budget-setting meeting (23rd February), this will lead to a delay in billing and a loss in council tax cash flow. It is highly likely that this will also translate into a higher level of uncollectable debt and debt collection costs and in addition this will significantly impact on council tax performance indicators. A delay until 23rd February will also compromise the Council's ability to meet current billing deadlines, and there is a serious risk billing will be delayed also with negative cash flow impacts.
12. The final Council Tax set will encompass all parish and police and fire precepts (that is the money we collect on behalf of the parishes, fire and police and pay to them).

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