

## Bath & North East Somerset Council

MEETING:	Council	
MEETING DATE:	15 February 2011	AGENDA ITEM NUMBER
TITLE:	Medium Term Service & Resource Planning 2011/12 – 2013/14, & Budget and Council Tax 2011/12	
WARD:	All	

### AN OPEN PUBLIC ITEM

#### List of attachments to this report:

**Appendix 1** - The Budget and Council Tax Proposal of the Cabinet 2011/12. This comprises a covering document, plus 4 Annexes

**Annex 1** Draft Base Revenue Budget 2011/12 – 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 2011/12-2015/16 including other emerging projects and programmes on an indicative basis - items shown in italics

**Annex 4** Minimum Revenue Provision (MRP) Policy

**Appendix 2** - Medium Term Service & Resource Planning Assumptions 2011–2015

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

**Appendix 4** – Formal Council Tax Setting Resolutions (incorporating precepts from Parishes, Fire & Police) – TO FOLLOW

## 1 THE ISSUE

- 1.1 This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2011/12 financial year together with a proposal for a Council Tax level for 2011/12.

## 2 RECOMMENDATION

- 2.1 That the Council approve:

- a) The General Fund net revenue budget for 2011/12 of £121.742m with no increase in Council Tax.

- b) That no Special Expenses be charged other than Town and Parish Council precepts for 2011/12.
  - 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 2011/12 summarised at Appendix 1 Table 5 and detailed in Annex 1.
  - e) That the specific arrangements for the governance and release of corporate headroom (which includes any amounts for which the purpose has not been specified in the budget report in relation to transfers to revenue budget contingency, the ongoing headroom allocations and the one off headroom allocations in Appendix 1) be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Resources and the Chief Executive together with the Chair of the CPR Overview & Scrutiny Panel.
- 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 £34.108m for 2011/12 and notes indicative items shown in italics for 2011/12 and the programme for 2012/13 to 2015/16 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 O&S review of Medium Term Service and Resource Plans and 2011/12 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 2011, in consultation with the relevant Cabinet Member and in light of feedback from the O&S reviews, and in line with the approved cash limits.
- 2.6 The Council approves the technical resolutions that are derived from the budget report, and all the figures in that report but including the precepts for towns, parishes and other precepting bodies as set out in Appendix 4.

### **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 2011/12.
- Its draft budget proposal for 2011/12 (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 2011/12, together with capital commitments for future years, and recommends a level of Council Tax for 2011/12.

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. Over the last 4 years the Council has achieved significant efficiency savings of £17.8m along with a further £7.3m of efficiency / change programme savings included in the 2011/12 budget which represents 64% of the total savings for next year. There is a focus on achieving a real reduction in our cost base by redesigning the shape and delivery of services together with considered and affordable capital investment to promote economic growth and future efficiency savings. The budget proposals include:

- A net £6.9m or 5.3% decrease in the non-schools budget
- A £14.7m increase in Dedicated School Grant (DSG) to £113.8m, which includes the transfer of specific grant funding for schools and early years which did not form part of DSG in 2010/11. On a like for like basis when compared to 2010/11 funding this represents a cash freeze (0% change)
- A freeze in the Council's level of Council Tax, which excludes Polices, Fire and Parish precepts.

6.3 These budget proposals are set within a context of:

- B&NES being the fifth lowest funded unitary authority per head of population (net budget requirement excluding Dedicated Schools Grant); with the Council continuing to receive less grant than the government calculates we need, over £2.5m per annum historically and at least £1m in 2011/12.
- A significant financial challenge in respect of reducing public sector revenue funding:

	10/11	11/12	12/13	13/14
Government Funding Reduction (£m)	£1.8m	£10.3m	£3.6m	TBC
%age	3%	16%	8%	TBC

*2012/13 figures based on formula grant only*

- Services facing increasing demand pressures and rising public expectations.
- Significant financial pressures on services, many of which are already being experienced and additional duties from government which are not always fully funded; e.g. concessionary fares, landfill tax.
- Recognising the need to deliver savings proposals whilst continuing with effective management of inherent risks.

6.4 The report assumes no changes to existing financial delegations or financial management arrangements except as specifically highlighted for approval in section 2 of this report.

6.5 It is important to be clear on the process to be followed in setting the 2011/12 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.

6.6 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 15<sup>th</sup> February and any decision having to be deferred until the reserve date on 24<sup>th</sup> February. This includes potential delays to the Council Tax billing process.

## 7 RISK MANAGEMENT

7.1 The report author and the Council's Section 151 Officer have 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 Overview 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 with 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 A formal budget consultation exercise was also undertaken with the community using the Council's website during October and November 2010.
- 10.3 Representatives of the business community were engaged in these consultations together with specific meetings as budget proposals were developed.
- 10.4 Comments received from consultation, including the community consultation, Overview and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

## **11 EQUALITIES**

- 11.1 The Council's overall approach and commitment to the equality impact assessment of financial decisions and service planning is multi-faceted. It is acknowledged that these decisions have the potential to affect service users and potential users, visitors to our area, staff/workforce and other public and voluntary sector partners. In June 2010 the Council was assessed as meeting the Achieving Standard of the Local Government Equality Framework with particular praise for our process of assessment and our knowledge of our local community.
- 11.2 Every service has completed an Equality Impact Assessment (EqIA) of their draft service plan. These will be available for public scrutiny on the Council's website from 2 February 2011 - see [Equality impact assessments - Financial Plans](#) or from the Service itself. These have been subject to a quality assurance process including community representatives on a sample basis.
- 11.3 Monitoring and recording of the impact of budget proposals on staffing levels and numbers at a service and corporate level has been undertaken from the outset of the formal consultation processes. This has included whole council and service data showing the equalities impacts before, during and after each programme of organisational change.

11.4 The Council has been asked to participate in a Local Government Improvement and Development (formerly the IDEA) peer support and challenge. During February and March this will include support from LGID peers and associates who have a specialism in the areas of equality impact assessments and budget processes. This is also an opportunity to draw on and share emerging learning as quickly and effectively as possible.

11.5 The overall approach being taken demonstrates that financial decisions are being made in a fair, transparent and accountable way, considering the needs and the rights of different members of our community.

## 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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<b>Sponsoring Cabinet Member</b>	Councillor Malcolm Hanney, Cabinet Member for Resources, (01225) 477034
<b>Background papers</b>	<p>Budget Report to Cabinet 2<sup>nd</sup> February 2011</p> <p>Medium Term Service &amp; Resource Planning reports to Overview &amp; Scrutiny Panels</p> <p>Draft Service Action Plan Reports to Overview &amp; Scrutiny Panels in January 2011</p> <p>Financial Settlement 2011/12 to 2012/13, CLG website</p>
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