

Report To: Corporate Governance Committee

Date of Meeting: 5th November 2014

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Budget Process 2015/16

1. What is the report about?

The report gives an update on the process to deliver the revenue budget for 2015/16.

2. What is the reason for making this report?

To provide an update of the latest position.

3. What are the Recommendations?

To consider the latest update and comment as appropriate.

4. Report details

Since the last update, the budget process has moved into its second phase (Appendix 1 shows the illustration of the budget process for reference).

The table of key events in the process and is shown below:

Table 1 Key Events

Key Events	Dates	Status
Corporate Governance Committee	15 th April 2014	Completed
Council Briefing	28 th April	Completed
First Round of Budget Meetings with Services	7 th May – 4 th Aug	Completed
Update to Cabinet Briefing	12 th May	Completed
CET Review of Process	19 th May	Completed
Update to Corporate Governance Committee	21 st May	Completed
Update to Cabinet Briefing	2 nd June	Completed
Update to Corporate Governance Committee	2 nd July	Completed
Update SLT	3 rd July	Completed
Update to Cabinet Briefing	7 th July	Completed
First Member Budget Workshop	9 th July	Completed
Second Member Budget Workshop	14 th July	Completed

Third Member Budget Workshop	26th August	Completed
Extra Workshop If Needed	28th August	Not required
Fourth Member Budget Workshop	2nd September	Completed
Update to Corporate Governance Committee	3rd September	Completed
County Council	9th September	Completed
Fifth Member Budget Workshop	22nd September	Completed
Phase 2 proposals developed by services	September/early October	Completed
Update to Cabinet Briefing	22nd September	Completed
Update SLT	2nd October	Completed
Update to Cabinet Briefing	6th October	Completed
Sixth Member Budget Workshop	8th October	Completed
Seventh Member Budget Workshop	13th October	Completed
Eighth Member Budget Workshop	20th October	Completed
Ninth Member Budget Workshop	27th October	Invites Issued
Update to Cabinet Briefing	3rd November	
Update to Corporate Governance Committee	5th November	
Update to Cabinet Briefing	8th December	
County Council	9th December	
Tenth Member Budget Workshop	12th December	Invites Issued
Update to Corporate Governance Committee	17th December	
County Council	3rd February 2015	

The first round of budget workshops with elected members concluded on 22nd September. The papers for all workshops were issued in advance electronically and in hard copy. The workshops were well attended with wide ranging debate taking place and numerous questions being asked. Members were asked to express views as to whether saving proposals should be 'adopted', developed', or 'deferred'. In addition, members were taken through each service's budget on a page by page basis and invited to comment on each one. A number of proposals that members indicated they would be content to adopt were taken to County Council for approval on 9th September. The proposals taken to council as Phase 1 savings totalled £3.7m for 15/16 and £870k for 16/17.

The council's budget strategy had previously identified a budget gap of up to £18m over two years. This was primarily driven by indications that the council's funding settlement would be cut by 4.5%. The Draft Local Government Settlement was published on 8th October. The Settlement indicates that the cash reduction to the council's budget will be 3.7% which equates to £5.3m. With cost pressures the council has to fund, such as pay, pensions and energy increases, etc the budget gap for 2015/16 is now approximately £8.2m and estimated to be approximately £8.8m in 2016/17.

The second phase of the budget process is now almost complete with the final member workshop of Phase 2 scheduled for 29th October. So far, members have identified proposals totalling £3.2m for 2015/16 and £1.8m for 2016/17 that will be taken for approval in December. If all of the proposals being taken to the final October workshop are recommended for approval then the totals will be £4.0m for 2015/16 and £2.1m for 2016/17 from Phase 2.

Phase 2 proposals will be presented first to cabinet and then recommended to council for approval in December.

Phase 3 of the budget process will consider final proposals to balance the 2015/16 budget, including options for Council Tax and any use of reserves. These issues will be discussed at the member workshop in December before final approval in February. Phase 3 of the process will also continue to develop savings options for 2016/17.

A consultation on the impact of the budget cuts has begun and includes all elected members, staff, residents and Town and Community Councils.

5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

6. What will it cost and how will it affect other services?

The council may need to deliver savings of approximately £17m over the next two financial years.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

An EqIA will be completed for all relevant proposals as the process develops.

8. What consultations have been carried out with Scrutiny and others?

The process has been considered by CET, SLT, Cabinet Briefing, Council Briefing and the Corporate Governance Committee. A wider public consultation on the impact of the budget began at the end of October.

9. Chief Finance Officer Statement

This will be an extremely challenging process with some tough decisions to make along the way. The engagement and support of elected members in the decision making and scrutiny of the process is crucial.

10. What risks are there and is there anything we can do to reduce them?

This is the most challenging financial period the council has faced and failure to deliver an effective budget strategy will put further pressure on services in future financial years.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.