

CABINET

Budget and Planning Process 2015/16 02 September 2014

Joint Report of Chief Executive and Chief Officer (Resources)

PURPOSE OF REPORT				
To agree a process for reviewing the Council's Budget and Policy Framework for 2015/16 and to update Cabinet on various policy and planning matters.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Officer
				X
Date of notice of forthcoming key decision			N/A	
This report is public.				

RECOMMENDATIONS OF COUNCILLORS BLAMIRE AND BRYNING:

1. That the report be noted and the outline budget and planning timetable set out at Appendix A be approved.

REPORT

1 Introduction

- 1.1 The Council's Constitution requires Cabinet to bring forward each year recommendations for updating the Budget and Policy Framework. This report proposes an outline timetable for doing so and it covers four main aspects, namely:

- the Corporate Plan
- other plans and strategies currently in the Policy Framework
- other key plans and strategies supporting the Policy Framework
- the Budget and Medium Term Financial Strategy (MTFS).

- 1.2 The draft budget and planning timetable for 2015/16 is set out at **Appendix A**, reflecting the proposals outlined in the following sections. In broad terms, the approach follows that adopted during the last budget as it is considered that on the whole, it worked reasonably well. In short, the timetable makes provision for considering and responding to the following:

- legislative and regulatory changes

- national policy changes and funding prospects
- changing needs of the district and its residents and visitors
- local views and perceptions
- policy and budget decisions of other key stakeholders, including local authorities
- recent performance and experience
- gaining consensus on resulting priorities.

2 **Context**

- 2.1 In terms of financial context, a key difference from last year is that currently the Council only has one year (next year) for which it has a quantified indication of how much Government funding might be available. Thereafter, from 2016/17 onwards, although there is a picture of continuing austerity until 2020 potentially, Government has not yet issued any funding projections at authority level.
- 2.2 Back in March it was estimated that in next year, savings of £1M would be needed and the year after in 2016/17, total savings of around £2.5M would be required, against the Council's annual budget. The expectations are that in subsequent years financial pressures will increase further, but it is not clear by how much, or over what period.
- 2.3 The potential impact of the Business Rates Retention Scheme (BRRS) creates even more uncertainty for the City Council especially in the short to medium term – but with the chance of funding prospects being better than expected, not worse. In particular, Members may recall that in setting this year's budget there was a difference of well over £1M per year between the 'best case' for the City Council and the budgeted position, depending on the level of successful rating appeals. This is a matter that the City Council has no control over: more over the difference is growing, as highlighted elsewhere on the agenda. Separately, Government is expected to make changes to the Scheme's methodology, but these should have less significant impact.
- 2.4 Overall, unfortunately the extent of uncertainties and the need to budget prudently mean that in the short to medium term at least, there is nothing to suggest that the Council will be in a position to balance its budget simply through local taxation. It continues to be the case therefore that over time, further significant organisational change will be needed, and should be planned for.

3 **Corporate Plan**

- 3.1 The Corporate Plan sets out the role of the Council, in terms of its core purpose and vision for the district. It brings together the Council's strategic priorities, outcomes and success measures to deliver against in the medium term, alongside its ethos for doing so.
- 3.2 The current Corporate Plan was formally approved by Council only a short while ago, back in July. This followed earlier decisions to retain existing corporate priorities, whilst redefining and reducing the outcomes to reflect the ongoing reductions being experienced in available funding, and to adopt formally the "Ensuring Council" approach as a way of expressing the Council's ethos.

- 3.3 Looking forward, clearly there is still much work to be done in clarifying the Council's financial prospects, against the backdrop of continuing austerity measures. Given also that the General Election and Local Elections will be held in May of next year and this may introduce further uncertainties regarding the Council's medium term direction, it has been assumed that during this 2015/16 budget exercise the Council will continue to redefine and reduce its activities against existing priorities, rather than seek to introduce any more fundamental changes to its corporate planning.
- 3.4 This approach would also give time for Officers to establish more detailed proposals for a comprehensive organisational change programme and its phasing and resourcing requirements. Cabinet will be aware that in completing the last budget exercise, over twenty service reviews were identified for taking forward in 2014/15 and beyond. These cannot be done all at once, and more upfront investment will be required to ensure that there is enough capacity for their successful delivery.
- 3.5 It is therefore envisaged that any fundamental changes to the Council's vision, strategic objectives and outcomes would be considered next year, once the elections have taken place.
- 3.6 Officers are currently developing outline options for reporting to Members in due course. Importantly, the resources and time required to establish and manage successfully such major change programmes should not be overlooked or underestimated. It should be expected that implementation of the resulting programme of budget proposals will span at least three years, and may well be more.
- 3.7 These points are reflected in the attached timetable, in that the aim is to present the Corporate Plan to Council in March, alongside the Budget. This would give little time for developing and considering any fundamental shifts in policy and corporate direction. It would help ensure, however, that there is a clear 'starting point' in budget and planning terms, post elections. Members are requested to give careful consideration to this approach.

4 **Other Policy Framework Documents**

- 4.1 In addition to the Corporate Plan, the Council's current Policy Framework includes various other strategies and plans, a number of which were required as a result of Government regulations or other drivers. The current list, as shown in the Council's Constitution, is set out below.

Annual Report (Best Value Performance Plan)	Sustainable Community Strategy
Community Safety Partnership Strategy	Community Safety Plan
Housing Strategy	Sustainability (LA21) Strategy
Local Development Plans	Vision Board (Regeneration)
Strategy	
Improvement Plan	Medium Term Financial Strategy
Capital Investment Strategy	

- 4.2 From this list, Members will appreciate that it is some years since the content of the Policy Framework was last updated; a number of the policies or strategies listed are either no longer required or have been subsumed into other policy documents.

4.3 Currently, Regulations require that the adoption of the following shall be a matter for Council and not Cabinet:

- A plan or strategy for the control of the authority's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision,
- Crime and Disorder Reduction Strategy,
- Development Plan documents,
- Licensing authority policy statement under the Gambling Act 2005,
- Sustainable Community Strategy.

4.4 In addition, the Licensing Act 2003 requires the statement of licensing policy to be approved by Council.

4.5 Further, it is open to Council to determine that the decision to approve or adopt any other plan or strategy should be taken by Council.

4.6 During this budget and planning exercise, therefore, proposals will be brought forward to rationalise the policy framework listing, primarily to reflect the Council's current operations and legal obligations, whilst maintaining sound governance. Any such changes to the Policy Framework would require full Council approval.

4.7 In terms of specific policy framework matters, Cabinet is requested to note the following points :

(a) Housing Strategy

The Lancaster District Housing Strategy and Housing Action Plan for 2012 to 2017 were approved by Council in April 2013. They are subject to annual review to feed into the budget and planning process, and in addition a formal mid-term review will be undertaken during 2015 at the earliest; the exact timing is yet to be determined.

(b) Local Plan

Two of the three main elements of the Local Plan (Development Management Policies and Morecambe Area Action Plan) have been the subject of independent examination and the Inspector's report is imminent. Subject to this, a report seeking formal adoption of the two documents will be presented to Council in the autumn. The other element (Land Allocations Document) has been delayed to allow more consultation to be undertaken on meeting the district's housing requirements.

Upon final adoption, all three documents will become part of the Council's policy framework. Until then the Local Development Framework (LDF) Core Strategy will remain in place.

(c) Vision Board (Regeneration) Strategy

Regeneration/economic development is one of the Council's key priorities. The

District's overall vision and high level regeneration priorities were established a number of years ago in documents such as the LDF Core Strategy, the Community Strategy and the Lancaster and Morecambe Vision. These were updated and illustrated in the report to Cabinet in February 2014 concerning the Morecambe Area Action Plan. It was suggested then that these could form the basis of an updated regeneration strategy with the aim of agreeing a coherent framework for action/delivery. Work is ongoing with the aim that the findings can then feed into budget setting and bidding for external funds.

5 Other Supporting Policies and Strategies

5.1 Each year Members consider various other strategic developments and the section below outlines any specific matters for Cabinet's attention at this early stage.

(a) Council Tax: Charging Policy and the Localised Support Scheme

The Council last updated its council tax charging policy with effect from April 2013. There is no legal requirement to undertake a formal review.

Regarding Localised Council Tax Support (LCTS), under the Local Government Finance Act 2012 the Council must consider, for each financial year, whether to revise its scheme or to replace it with another scheme. The first local scheme was implemented in April 2013. This was subject to a full review a year ago, and it resulted in only one minor change being implemented to remove the 'second adult rebate'. Furthermore, under the 2012 Act Government has made provision for a national review to take place by 01 April 2016.

In terms of financial impact, the cost of the scheme continues to reduce, as highlighted in the corporate financial monitoring report elsewhere on the agenda. It is also worth noting that the existing scheme already provides for any annual uplifts associated with inflation, etc.

Given this context, unless Council indicates otherwise Officers are not currently intending to develop options for further changes to council tax charging policy or the Localised Council Tax Support scheme for 2015/16. Instead, development work will focus on preparing for future welfare reforms, as well as bedding in various efficiency / self-serve initiatives. Depending on its timing, any national review may inform future scheme design from 2016/17 onwards.

This matter is scheduled for consideration at the October Council meeting, in order to meet the statutory requirements and give sufficient time should Council resolve to consider any revisions or alternatives. The deadline for adoption of any revised scheme is 31 January.

(b) Support for Organisational Change (HR, ICT, Property)

Over the last few years Officers have been making some progress in defining the proposed policies and approaches to support organisational change – Human Resources/Organisational Development (HR/OD), Information and Communications Technology (ICT) and Corporate Property being the key elements. Unfortunately progress has not yet translated into clearly defined strategy proposals, due to the workloads involved in supporting ongoing changes and various new challenges being presented day to day. It is recognised that

this position needs to be addressed, however. The establishment of a resourced, deliverable organisational change programme, as referred to earlier, is seen as integral to achieving this.

Accordingly, a provisional target date of 30 June 2015 has been set for completing these supporting strategies, for subsequent consideration by Members.

- 5.2 Later during the budget, a schedule of other key policy, strategy or plan updates will be provided for Cabinet's consideration.

6 Budget Framework

- 6.1 The crux of the Budget Framework is the Medium Term Financial Strategy (MTFS) and the half-yearly review is scheduled for the December Cabinet meeting, to feed into December Council if appropriate. Typically it is through this review that Cabinet is requested to review council tax targets, currently set at just less than 2% subject to local referendum thresholds. Cabinet may recall that during last budget, Government announced that it is to continue to encourage councils to freeze council tax in 2015/16, although the compensation grant on offer is still understood to be in part only (just over 1%).

- 6.2 Underpinning the MTFS is the detail of the 3-year Revenue Budget and 5-year Capital Programme. The key milestones for preparing these budgets are included in the appendix and some work is already underway.

- 6.3 Cabinet will again provide the forum for developing a full set of proposals to balance the budget. Key points to note are:

- It is assumed that the Local Government Finance Settlement and supporting information will be announced around December time. It is not clear, however, whether any indicative information will be received for years 2016/17 and beyond.
- Potential savings options are being developed further by Chief Officers, linked to the change management programme and budget monitoring. Savings achieved to date are highlighted in the monitoring report elsewhere on the agenda.
- Informal Cabinet Budget Briefings will be held, to report on progress overall and to provide direction on specific aspects of budget development, including potential areas for redirection of resources. Provisionally, a number of briefings have been incorporated into the timetable, broadly on a fortnightly basis, but these may be rearranged as need be.

- 6.4 As ever, a flexible approach is still required, to respond to information from Government as well as more local matters.

7 Options and Option Analysis

- 7.1 The following options are available to Cabinet.

- (1) Approve the proposals and timetable set out in the report for reviewing and revising the Council's Budget and Policy Framework.
- (2) Approve an amended version of the proposals, drawing on any specific issues that Cabinet have.

8 Details of Consultation

- 8.1 To support informed decision-making, as was the case last year it is intended that consultation will be focused on specific proposals, rather than seeking general views on the Council's plans more generally. Any general consultation surrounding the budget would therefore be kept to a minimum this year. Nonetheless, provision is made for consultation with Budget and Performance Panel and other stakeholders in the usual way.
- 8.2 These arrangements are considered particularly appropriate, given the approach outlined for corporate planning and the expectation that there will be no fundamental change in the Council's direction coming forward this year.
- 8.3 Regarding the workforce, arrangements are in place to ensure that regular communication updates are provided, so that staff are kept abreast of the Council's future general direction as well as specific service proposals. Separately, the staff survey is being undertaken this year. As usual, specific staff consultation will be undertaken in accordance with HR policies, where budget proposals require it.
- 8.4 Linked to the above points, the Council's updated Consultation Strategy is in the process of gaining approval, and Overview and Scrutiny Committee will be presented with the supporting consultation plan in due course.
- 8.5 Looking forward, it is some years since the last place survey was undertaken, and so measures are being taken by Officers to identify suitable budgetary provision so that this can be completed during 2015/16, and repeated at appropriate intervals thereafter. This fits well to inform corporate planning and budgeting for 2016/17 onwards and meeting equality standards, through understanding communities' needs. More details will be reported later during the budget.

9 Officer Preferred Option

- 9.1 Assuming that Cabinet has no other specific issues to address, Option 1 is the Officer preferred option, as it sets out a structured approach for Cabinet to review the existing Budget and Policy Framework, to identify savings/efficiency options, and for it to bring forward its budget and policy framework proposals for 2015/16 and beyond, within statutory timescales. As usual, the consideration and management of risk will form a key part of the process.

RELATIONSHIP TO POLICY FRAMEWORK

The plans and strategies outlined in the report together make up the Council's Budget and Policy Framework.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

The annual review of the budget and policy framework helps ensure that the Council's plans and strategies are kept up to date, and t h a t their impact on local communities is assessed and considered. In particular, the outline plans regarding consultation and future place surveys would help develop the Council's understanding of the needs of its communities, in turn helping it to meet the Public Sector Equality Duty as a community leader, service provider and employer.

FINANCIAL IMPLICATIONS

None directly arising from this report, at this time.

OTHER RESOURCE IMPLICATIONS

Human Resources/Information Services/Property/Open Spaces:

None directly arising at this time.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has produced this report, in part on behalf of the Chief Executive.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None.

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