

# CABINET

## Budget and Policy Framework Update 2017 to 2021 – General Fund Revenue Budget and Capital Programme 14 February 2017

### Report of Chief Officer (Resources)

PURPOSE OF REPORT			
To inform Cabinet of the latest budget and council tax position so it can make recommendations back to Council in order to complete the budget setting process.			
Key Decision	X	Non-Key Decision	Referral from Officer
Date of notice of forthcoming key decision	16 January 2017		
This report is public.			

#### OFFICER RECOMMENDATIONS:

- (1) That the interim nature of this report be noted, with a further update being presented once full information becomes available.

#### 1 INTRODUCTION

- 1.1 Cabinet's initial proposals regarding the Budget and Policy Framework were considered at Budget and Performance Panel on 24 January and were due to be considered at Council on 01 February.
- 1.2 At the time of writing this report, the Council meeting had not yet been held. Furthermore, other key deadlines had not yet passed and important notifications had not yet been received.
- 1.3 This report therefore simply highlights the information that Cabinet will be requested to consider at its February meeting, and the actions and decisions that will be sought from Cabinet. A further update report will be published on or before 10 February (the same timescales as last year).
- 1.4 In terms of corporate planning, in light of Cabinet's two-phased budget approach and the forthcoming strategic review of the Council's services and priorities, unless Cabinet (and subsequently, Council) indicates otherwise, it is not now intended to undertake an annual refresh of the Corporate Plan. Instead, performance information against current corporate planning will be fed into that strategic review, with the ultimate outcome informing new Corporate Plan proposals from 2018/19 onwards.

## **2 GENERAL FUND REVENUE BUDGET SUMMARY AND FINANCIAL STRATEGY**

- 2.1 Various updates and presentational changes are expected to be made to the base budget figures and savings and growth proposals, to reflect latest best estimates, timing considerations, and any late grant notifications.
- 2.2 These will be pulled together so that Cabinet can finalise its full budget proposals and make recommendations to Budget Council.
- 2.3 The Medium Term Financial Strategy (MTFS) will also need to be updated to reflect Cabinet's budget proposals and other key information. As was the case last year, delegated authority will be sought for the Finance Portfolio Holder to agree any updates in order that the full MTFS can be presented to Budget Council. There are no substantive changes expected to the Strategy, other than to reflect the strategic planning and budget work to be undertaken next year.

## **3 FINAL LOCAL GOVERNMENT SETTLEMENT**

- 3.1 It is not yet known when the final Settlement for 2017/18 will be announced. Any changes will be reported for inclusion in Cabinet's final budget proposals.

## **4 COUNCIL TAX**

- 4.1 As part of the Settlement, it is expected that Government will confirm referendum thresholds for 2017/18 and expectations for future years. Assuming that no changes are made and Council reached a decision on this matter at its February meeting, then no further council tax decisions will be required from Cabinet.

## **5 BUSINESS RATES**

- 5.1 As previously reported, legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund must be made each year for council tax (15 January) and business rates (31 January).
- 5.2 In respect of council tax, the review of the Collection Fund's financial position has now been completed. In line with previous monitoring expectations, the Fund is broadly in balance and therefore there is no surplus or deficit to be declared.
- 5.3 For business rates, the calculation of any surplus or deficit remains very complicated and subject to huge year on year fluctuations, predominantly because of the impact of rating appeals. Information will be reported in due course, together with the latest headline expectations on business rate income for next year, allowing for the April 2017 Revaluation exercise.

## **6 PROVISIONS, RESERVES AND BALANCES**

- 6.1 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the level of reserves and balances it should hold. The supporting review is underway, although it also needs to draw on the resolutions of the February Council meeting. Once completed, the results of the review will be reported into Cabinet.

## 7 GENERAL FUND CAPITAL INVESTMENT

- 7.1 There are some further changes expected in terms of expected slippage on schemes between the current year and next year, and confirmation of the Council's disabled Facilities Grants (DFG) funding is being sought from the County Council. Once these points have been addressed and Cabinet's final budget proposals are known, the updated Capital Programme will be presented, with a summary of all movements over the course of the year and associated headline figures.

## 8 DETAILS OF CONSULTATION

- 8.1 As referred to earlier, Cabinet is requested to consider any feedback arising from Budget and Performance Panel and Council. Details of this and any relevant Officer advice will be collated and presented in due course.

## 9 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 9.1 At this meeting Cabinet will be requested to finalise its revenue budget and capital programme proposals for referral on to Budget Council, using the latest information available. The following sections outline key requirements.

### **Revenue Budget**

Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2017/18 balances and fits with the council tax level approved by Council. The Chief Officer (Resources), as s151 Officer, continues to advise that wherever possible, emphasis should be on reducing future years' net spending.

### **Capital Programme**

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2016/17 and 2017/18 must balance. Whilst there is no legal requirement to have a programme balanced over the period to 20/21, it is considered good practice to do so – or at least have clear plans in place to manage the financing position over that time.

In deciding its final proposals, Cabinet is asked to take into account the relevant basic principles of the Prudential Code, which are:

- *that the capital investment plans of local authorities are affordable, prudent and sustainable, and*
- *that local strategic planning, asset management planning and proper options appraisal are supported.*

## 10 OFFICER PREFERRED OPTION AND COMMENTS

- 10.1 None given the nature of this report.

**RELATIONSHIP TO POLICY FRAMEWORK**

As covered in the report. The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

**CONCLUSION OF IMPACT ASSESSMENT**

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

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.

**LEGAL IMPLICATIONS**

There are no legal implications, given the nature of this report.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

None directly arising, given the nature of this report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has produced this report and her formal advice will be included in the further update report to follow.

**MONITORING OFFICER'S COMMENTS**

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

**BACKGROUND PAPERS**

None.

**Contact Officer: Nadine Muschamp**

**Telephone: 01524 582117**

**E-mail: [nmuschamp@lancaster.gov.uk](mailto:nmuschamp@lancaster.gov.uk)**