

CABINET

Budget and Policy Framework Update 2020/21 to 2023/24 5 November 2019

Report of Director of Corporate Services

PURPOSE OF REPORT			
To provide an update on the Council's Medium Term Financial Strategy forecasts for 2020/21 to 2023/24 and outline the approach and timetable for considering the budget framework.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officer	<input type="checkbox"/>		<input type="checkbox"/>
Date of notice of forthcoming key decision			
This report is public.			

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:

- i. That the draft budgetary position, set out in section 2 (and appendix 1) for current and future years be approved, accepting that this is an interim update.
- ii. That Cabinet agree the approach to the budget framework as set out in Section 3 of the report.
- iii. That Cabinet agree the timetable as set out in Section 4 of the report.

1 INTRODUCTION

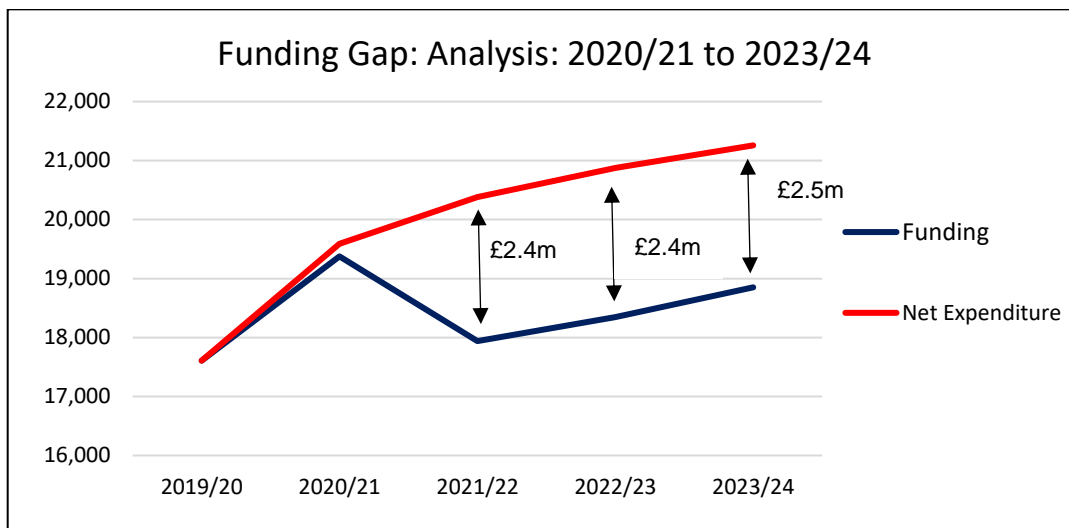
1.1 Under the Constitution, Cabinet has responsibility for developing corporate planning proposals and a balanced budget for Council's consideration.

1.2 This report sets out:

- An updated budget gap analysis taking account of the latest funding outlook and other information on expenditure and income pressures (section 2 and appendix one)
- A brief summary of the budget framework strategy (section 3)
- A timetable for balancing the 2020/21 to 2023/24 revenue budgets and capital programme (section 4)

2 UPDATED BUDGET GAP ANALYSIS

2.1 Appendix One provides an update to the funding forecast based upon the latest available information. It should be noted that this forecast is subject to change when more up to date information becomes available. The budget gap for the next four years is summarised in the graph below.



2.2 The graph above shows a forecast reduction in funding in 2021/22 associated with Government's Fair Funding review where it is anticipated that there will be a redistribution of funding to upper tier authorities to deal with social care demand pressures. However, beyond this one-off adjustment, funding is forecast to rise. As such, the gap is not anticipated to widen significantly, as it did during the years of funding cuts, and therefore once the gap has been addressed, the Council should be on a more sustainable financial footing. More detailed information on the budget gap is included in appendix one.

3 BUDGET FRAMEWORK STRATEGY

Revenue Budget – 2020/21 to 2023/24

3.1 The Financial Resilience Advisory Group considered an Outcomes Based Budgeting approach to the revenue budget to replace the incremental approach undertaken in the past. Key features of the approach include:

- A review of all expenditure and incomes and not just incremental annual changes to the budget.
- A focus on outcomes taking account of corporate priorities
- An opportunity to take a four year view of the budget to cover the period of the Council to ensure that 'knee-jerk' financial decision are avoided in favour of better long term budget planning
- An opportunity to move away from a silo approach to budgeting to more co-ordinated delivery of plans in key corporate priority areas
- A focus on the Funding the Future strategy to deliver efficiencies and increased income from property investment and commercialisation
- An opportunity to focus on growth, in the council taxbase and business rates base, in order to recognise the benefits of projects which focus on sustainable economic growth

Capital Programme

- 3.2 A full review of the Capital Programme is being undertaken as part of the budget setting process. A capital bidding process, introduced last year, which requires all new and existing bids to be assessed and scored against corporate ambitions will be further developed and a Capital Programme white paper will be considered by the Financial Resilience Advisory Group in November.

Reserves Strategy

- 3.3 A revised approach to the governance processes for use of reserves was approved by Cabinet last month and this approach will be employed as part of the budget process.

Housing Revenue Account

- 3.4 A full update on the HRA budget and financial outlook will be considered alongside the revenue budget, in January, including options to ensure that the service's 30-year business plan is viable and that its ongoing budget is balanced, whilst delivering value for money to tenants.

4. BUDGET TIMETABLE

- 4.1 The proposed budget timetable is set out on the next page.

5. DETAILS OF CONSULTATION

- 5.1 As in previous years, planned public drop-in events, the usual high level consultation with relevant stakeholders on the budget will be undertaken prior to Budget Council in February. More specific consultation will be considered at a future meeting of the Financial Resilience Advisory Group. Consultation on council housing matters will be undertaken through the District Wide Tenants' Forum.

6. OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 6.1 Regarding the budget strategy, Cabinet may approve the proposals as set out, or require changes to be made to the suggested approach. The overriding aim of any budget setting process is to approve a balanced budget by statutory deadlines, allocating resources to help ensure delivery of the Council's corporate priorities. The proposed approach is in line with that broad aim, drawing on various strategic matters. Any changes that Cabinet puts forward should also be framed in that context.

RELATIONSHIP TO POLICY FRAMEWORK

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.

FINANCIAL IMPLICATIONS

As set out in the report.

SECTION 151 OFFICER'S COMMENTS

The section 151 Officer has been significantly involved in the budget process and the production of this report.

LEGAL IMPLICATIONS

Legal Services have been consulted, but at this stage there are no legal implications arising.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

None.

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