

CABINET

Budget and Policy Framework Process 2011/12 27 July 2010

Joint Report of Corporate Director (Finance & Performance) & Head of Financial Services

PURPOSE OF REPORT			
To agree a process for reviewing the Council's Budget and Policy Framework.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers			<input checked="" type="checkbox"/>
Date Included in Forward Plan	N/A		
This report is public			

RECOMMENDATIONS OF CLLR LANGHORN :

- 1 That the process outlined in the report and timetabled in *Appendix A* for reviewing the Corporate Plan, Budget/Medium Term Financial Strategy, and preparing the 2011/12 Budget be approved.
- 2 That the arrangements in place for reviewing and updating the other Policy Framework documents referred to in section 3 of the report be noted.

REPORT

1.0 Introduction

- 1.1 The Council's Constitution requires the Cabinet to bring forward each year recommendations for updating the Budget and Policy Framework documents. This report proposes a draft process and timetable for reviewing the existing plans and strategies included in (and supporting) the Budget and Policy Framework in order to consider if they are still appropriate.
- 1.2 This report deals with the review of the Budget and Policy Framework documents in three parts, namely :-
 - the Corporate Plan ,

- the other plans and strategies in the Policy Framework,
- the Budget and Medium Term Financial Strategy (MTFS).

2.0 Corporate Plan

- 2.1 The three year Corporate Plan brings together the Council's plans and strategies with a particular focus on the medium term objectives and related priorities to be delivered either by Council services or in partnership with other organisations, in particular the Lancaster District Local Strategic Partnership (LDLSP).
- 2.2 The process for updating the Corporate Plan has varied over the years depending on the currency of the information used to inform the content of the Plan. Cabinet will recall that last year a full public consultation exercise took place to inform the refresh of the Corporate Plan and also to guide the budget process. The Cabinet's subsequent draft corporate priorities and related budget proposals were then scrutinised by the Budget and Performance Panel at their meeting in January 2010.
- 2.3 The Council's current Corporate Plan is very closely aligned to the LDLSP's Sustainable Community Strategy (SCS) and the Lancashire Local Area Agreement priorities. It should be noted that this year, the LDLSP will undertake a refresh of the SCS and that this will almost certainly impact on the City Council's own review of the existing corporate plan priorities. The LDLSP review of the SCS will take into account the current economic climate and the changing landscape in terms of where strategic decision-making takes place. Emerging government legislation is impacting at both national, regional, sub regional and local levels and as such, the district's SCS will need to take this into account. The current economic climate will also have a significant impact on the district's future priority setting. At present, the timetable for the SCS refresh is not known but it is likely that the Community Engagement Framework, approved last year, will be used by the LDLSP for this purpose. As a consequence, it is proposed that the council works closely with the LDLSP to ensure that no duplication in consultation takes place. It is further proposed that the refresh of the SCS is used to review the corporate plan priorities that will be used to guide the 2011/12 budget process.
- 2.4 A provisional timetable therefore, for approving the 2011/12 Corporate Plan and related budget, has been prepared on the basis to reflect the issues outlined above and is set out in **Appendix A**. The timetable however must remain flexible to ensure the Council can react to, and reflect on, any changing circumstances accordingly and in particular to the Government's Comprehensive Spending Review that is due to take place in October.

3.0 Other Policy Framework Documents

- 3.1 In addition to the Corporate Plan, the Policy Framework consists of a number of other documents. The latest position regarding these is as follows:
- (a) LDLSP Sustainable Community Strategy (SCS)
- As reported above, the SCS will be subject to a refresh during this year with a view to approving a new SCS to be effective from 2011/12. The city council will through its representation on the LDLSP contribute fully to this process and use the outcome to inform its own review of its Corporate Plan priorities.
- (b) Community Safety Partnership Plan

The current Community Safety Plan agreed by the CSP covers the period up to 31st March 2011. The CSP reviews this plan annually based on a Strategic Assessment which sets out an analytical report on crime and disorder across the district. The Plan has been reviewed for the financial year 2010/2011 and agreed by the CSP. The Plan will be brought back to council for endorsement at the appropriate time in the budget process.

(c) Housing Strategy

The current Housing Strategy runs until 2009 and preparation has already begun on its refresh. The revised strategy will be incorporated within a wider Regeneration strategy and will take a localised perspective from the Mid Lancashire MAA's approach to housing. It will also address the housing implications related to any future new nuclear build proposals should the nomination at Heysham be agreed by Government. The draft revised strategy will be brought to members for consideration when ready. It is also possible that the outcome of the review of Housing Finance could have bearing on some aspects of future strategy.

(d) Local Development Framework Documents

Council approved the Local Development Framework core strategy in July 2008. Since then work has continued on preparing the supplementary documents that support the core strategy and that will form the Local Development Scheme, namely the Development Management Policies, work is now progressing on the Land Allocations, and development management policies together with an Area Action Plan for Morecambe. Initial reports are expected to be made to cabinet covering these areas in the Autumn. With the abolition of Regional Spatial Strategies and responsibility for setting housing targets being vested in District and Unitary Authorities this work has become a priority.

(e) Economic Vision (Regeneration Strategy)

There is a need to prepare a new form of Regeneration Strategy. Such a strategy will have to match with the current economic climate and reductions in public spending, however. Officers have begun the preparation of a revised strategy which will for the first time incorporate the housing and other relevant strategies within it as an integral part. It is hoped to present the new draft strategy to Members in the Autumn for their consideration.

- 3.2 As there are already plans in place, or already undertaken, for reviewing all the strategies in the Policy Framework for 2010/11, Cabinet is asked to note the procedures already agreed.

4 Budget Framework

- 4.1 The crux of the Budget Framework is the Medium Term Financial Strategy (MTFS). It is currently the practice to monitor this strategy on a 6 monthly basis and broadly it is proposed to continue with this practice, albeit that given the number of Government announcements being made regarding funding reductions and the timing of the next Comprehensive Spending Review, an interim update is scheduled for the August Cabinet meeting, with the full review to be reported in November. This has been included in the timetable attached at **Appendix A**. The reviews will also

cover the capital investment elements of the strategy, which drive future capital spending and financing plans.

- 4.2 Underpinning the MTFs is the detail of the 3-year Revenue Budget and 5-year Capital Programme. Again the key milestones for preparing these budgets are included in the appendix and a more detailed, specific budget preparation schedule will be brought to a later Cabinet meeting.
- 4.3 Cabinet will again provide the forum for identifying and achieving the efficiency targets and savings included in the MTFs. Work in respect of the Revenue Budget has already begun and included on this agenda is the outturn report for 2009/10 that recommends work to be undertaken in respect of year end variances. However, the task facing Cabinet for 2011/12 onwards, in bringing forward a balanced budget that delivers its corporate priorities, is expected to be its hardest yet. The new coalition Government has already agreed significant cuts (£6.2BN) in public spending to start addressing the budget deficit. Some of this has fallen on the Dept of Communities and Local Government (£782M) but much more is expected. Government's aim of having no increase in council tax for next year has been well publicised and it is also likely that this will be the case for 2012/13 too, although it is unclear whether this will have other implications for the grant settlement. Information about limiting pay awards is also being proposed although Government has acknowledged that this is a matter for Local Government Employers and so the exact details are still to be finalised. It is anticipated that the position may become clearer to a degree in October when the Chancellor is due to publish an updated Comprehensive Spending Review, which will build on the framework proposals that were included in the emergency budget reported in June. More specifically, it is expected that in the coming months there will be consultation on the financial changes should the transfer of concessionary travel responsibilities to transport authorities go ahead; this could have major implications for the Council, potentially either way. Uncertainties also exist for the Housing Revenue Account; it is not yet known whether Government will continue with plans to reform the Housing Finance system.
- 4.4 Cabinet therefore will have to take a flexible approach and be responsive to directions as the Government bring forward further reductions to public spending. Last year, Cabinet agreed a strategy for developing options for identifying savings/efficiencies. This was easy to understand and offered a transparent approach to how savings and efficiencies were identified and considered, and consulted on. This approach will again require each Cabinet member working closely with officers to develop realistic proposals for Cabinet to consider, in bringing forward its proposals for balancing the budget and for subsequent consideration by Council.

5.0 Options Analysis

- 5.1 The following options are available to the Cabinet.
 - i. approve the proposals and timetable set out in the report for reviewing and revising the Council's Budget and Policy Framework and for bringing forward options for savings/efficiencies.
 - ii. approve an amended version of the proposals
- 5.2 The preferred option is option i. as it sets out a structured approach for Cabinet to review the existing Budget and Policy Framework, identify savings/efficiency options,

and for it to bring forward its budget and policy framework proposals for 2011/12 and beyond within the statutory timescales.

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 ensures that the Council's plans and strategies are kept up to date and compliant with the above criteria for assessing their impact on local communities.

FINANCIAL IMPLICATIONS

None directly arising from this report, at this time.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments to add.

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.

Contact Officer: Roger Muckle

Telephone: 01524 582022

E-mail: rmuckle@lancaster.gov.uk