

CABINET

Budget and Planning Process 2014/15 03 September 2013

Report of Chief Executive

PURPOSE OF REPORT			
To agree a process for reviewing the Council's Budget and Policy Framework for 2014/15.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officer			<input checked="" type="checkbox"/>
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 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 2014/15 is set out in **Appendix A**, reflecting the proposals outlined in the following sections. The timetable must remain flexible, however, to ensure that the Council can take account of changing circumstances and prospects.
- 1.3 A key difference from last year is that the Council already has a much clearer picture of the really difficult financial challenges it must face. Whilst figures will no doubt alter, meeting those challenges is expected to require significant organisational change, including service reductions. Officers are currently developing outline options, for reporting to Members in due course. Importantly, the resources and time required to 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 two years, and may well be more.

2 **Corporate Plan**

2.1 The Corporate Plan brings together the Council's priorities, plans and strategies, ideally focusing on a three-year period and drawing on key themes and supporting values, such as leading our communities, putting our customers first and providing value for money.

2.2 In recognition of the need to balance corporate aspirations and priorities with likely resources, however, the Council has already acknowledged that the existing Plan needs a fundamental review for next year onwards and ahead of this, a mid-year review is scheduled for reporting in November. In summary, the proposed timetable needs to make 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.

3 **Other Policy Framework Documents**

3.1 In addition to the Corporate Plan, the Policy Framework includes various other strategies and plans, a number of which were required as a result of Government regulations or other drivers. For now, 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 of this year, subject to annual review during the budget and planning process. Should there be a need for any formal updates, these would be brought forward early in 2014/15.

(b) **Local Plan**

Two of the three main elements of the Local Plan (Development Management Policies and Morecambe Area Action Plan) will be presented to Council in September, with a recommendation that they should be approved for 'Publication' and subsequent submission to the Secretary of State. The other element (Land Allocations Document) has been delayed slightly to allow more work to be done on housing and retail requirements.

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

(c) **Regeneration Strategy**

In the past, the Council has produced a separate Regeneration Strategy. Over the years, the overall direction of travel and various strategic regeneration priorities have been incorporated into other key policy documents (such as the Local Plan and the Housing Strategy mentioned above).

Alongside their review, the need now is to test out how the Council (and its partners) can best support the delivery of such priorities, within the resources likely to be available. Many strands of Council activity contribute to regeneration – the arts, tourism, and improvements to housing and public realm being good examples. If, in due course, Members agree that the Council’s policy objectives and/or strategy are already set out clearly enough, then priority should be given to production of a more detailed “Regeneration Delivery Plan”, the findings of which can then feed into budget setting and bidding for external funds. This approach could then replace the requirement for a Regeneration Strategy; it will be developed further for consideration in the coming months.

(d) Community Safety Plan

Cabinet last considered community safety priorities in January of this year. It is intended that these will be reviewed in partnership during the budget process.

4 Other Supporting Plans and Strategies

4.1 Each year Members consider various strategic developments and the section below outlines other planned areas for review. In the main, these will also be reported early in next financial year.

(a) Corporate Property and ICT Strategies

Although much background work has been completed, the Strategies updates themselves are still under development. The Property Strategy will also incorporate an update of the Council’s Disposal Strategy, which is a key component to ensure cost-effective rationalisation of the property portfolio.

(b) HR / Workforce Planning / Organisational Development

A Workforce Strategy is being developed to support the organisation change process. The strategy and supporting plan sets out in detail how we will lead and manage organisational change, workforce performance and development, and how we will engage our workforce through the effective application of modern organisational development and workforce planning techniques.

(c) Consultation

Alongside the development of budget and planning proposals, the Council’s consultation plan needs to be updated, as does its Strategy. This is to ensure that they reflect the consultation approach outlined later in section 7.

(d) Regeneration Related Plans and Strategies

Following on from the comments in section 3 above, during the budget and planning process there will be a need to ensure that these are all up to date and fit for purpose going forward.

5 Budget Framework

- 5.1 The crux of the Budget Framework is the Medium Term Financial Strategy (MTFS) and the half-yearly review is scheduled for the November Cabinet meeting. Typically it is then that Cabinet is requested to review council tax targets, currently set at 2%. Members will be aware that the Government is to continue with encouraging councils to freeze council tax, although the compensation grant on offer is understood to be short term and in part only (broadly equivalent to 1%).
- 5.2 The November update will also build on information from Government's recent Spending Round, as well as other technical finance changes in the pipeline. That report will also cover General Fund capital investment priorities, which drive future capital spending and financing plans.
- 5.3 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 work is already underway.
- 5.4 Cabinet will again provide the forum for developing a full set of proposals to balance the budget and in this regard, it is proposed that the budget process should run in much the same way as last year. Key points to note are:
- It is assumed that the Local Government Finance Settlement will be announced around December time. Although nationally the focus of attention has been on 2015/16 of late, it is expected that the Council's 2014/15 funding position will change to some degree, drawing on the 2013 Budget announcement back in March, as well as though Business Rate Income and New Homes Bonus changes, as examples.
 - Potential savings options are being developed further by Chief Officers alongside the preparation of the current year's revised and future years' base budgets.
 - 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.
- 5.5 A flexible approach is required, to respond to information from Government as well as more local matters including public consultation.

6 Options and Option Analysis

- 6.1 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.

7 Details of Consultation

- 7.1 To support informed decision-making, it is intended that consultation will be focused on specific proposals, rather than seeking views on the Council's plans more generally. It is felt that this would prove more cost-effective, whilst still meeting statutory requirements. Any general consultation surrounding the budget would therefore be kept to a minimum. Nonetheless, provision is made for consultation with Budget and Performance Panel and other stakeholders in the usual way.
- 7.2 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. As usual, specific staff consultation will be undertaken in accordance with HR policies, where budget proposals require it.

8 Officer Preferred Option

- 8.1 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 2014/15 and beyond, within the 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 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 contributed to the production of this report.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to add to this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has nothing to add to this report.

BACKGROUND PAPERS

None.

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