

Strategic Planning and Budget Timetable 2018/19 to 2021/22

08 August 2017

Joint Report of Chief Executive and Chief Officer (Resources)

PURPOSE OF REPORT				
To gain Cabinet's approval for the approach and outline timetable for the strategic planning and budget setting process.				
Key Decision		Non-Key Decision		Referral from Cabinet Member / Officer
				X
Date of notice of forthcoming key decision	N/A			
This This report is public.				

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD

- (1) That the approach and outline timetable for the 2018/19 to 2020/22 strategic planning and budget setting process be approved.

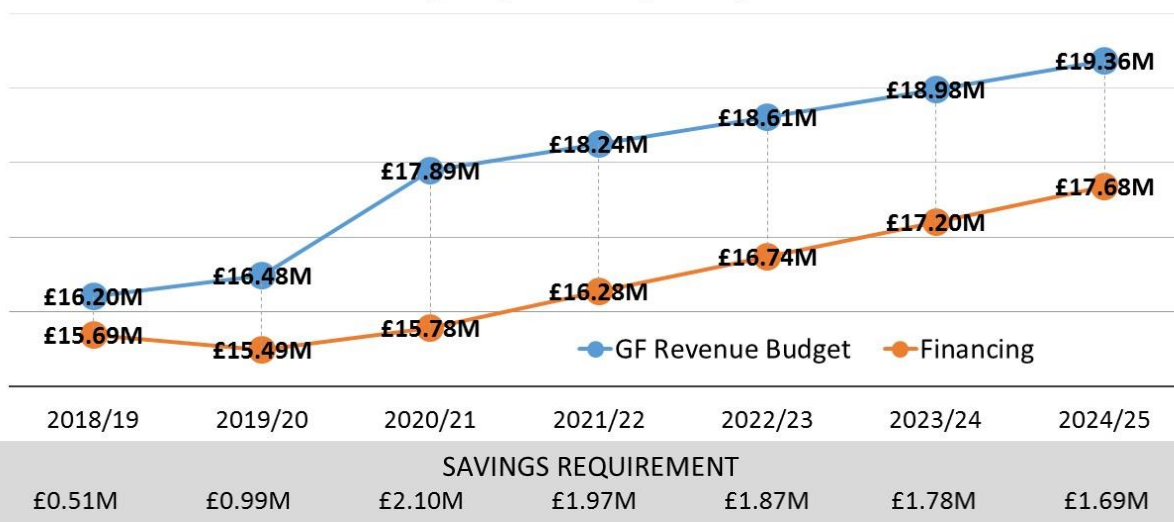
1.0 Introduction and Context

1.1 Under the Constitution, Cabinet has responsibility for developing budget and corporate planning proposals for Council's consideration. During the last budget the Council committed to a more strategic approach being taken, the key elements being:

- A major review of the Council's Corporate Plan (all aspects, including vision and priorities) and the supporting Policy Framework, culture and risk appetite.
- Completion of other major policy and strategy reviews (such as economic growth, corporate property, ICT/digital/customer service, HR/workforce planning, procurement, etc).
- Consideration of major transformational / innovative budget options for implementation from 2018/19 onwards.
- Consideration of any emerging national policy implications, ranging from Brexit to 100% Business Rates Retention.

- 1.2 The aim is to establish a clearer priority-driven and policy-led approach to budgeting and resource allocation for delivering clear outcomes for the district, with a firm basis on which to build on in the coming years.
- 1.3 The proposed main principles underpinning the proposed approach are as follows:
- **Outcome-Based**, with clearly stated ambitions for the district
 - **Evidence-Informed**, to prioritise in a transparent way, drawing on statistics and intelligence at a local level
 - **Stakeholder Engagement**, working in partnership both within and outside the Council to deliver agreed outcomes for the place.
- 1.4 As national context, the outcome of the recent General Election and the need to address Brexit create significant uncertainty in terms of the Government's future policy direction on many key issues, and the Council will need to keep these matters under close review, in order that it can plan and respond accordingly in light of future developments. A good example of this relates to the planned introduction of 100% Business Rates Retention. Primary legislation is needed to introduce such a scheme, but as the required Finance Bill was omitted from the Queen's Speech it is far from clear whether any reforms will ever be implemented – or indeed what the alternatives might be.
- 1.5 As well as national matters, the Council will need to take some key strategic decisions in the coming months, such as the Local Plan and Canal Corridor North redevelopment proposals, which in turn could impact significantly upon other strategic/financial planning aspects.
- 1.6 To provide some high level financial context, the Council's budget forecasts included in its Medium Term Financial Strategy (MTFS) have been projected forward to 2024/25, albeit very simplistically by applying 2% inflation and estimated council tax base growth. The following graph summarises the position:

Funding Gap - Savings Requirement



- 1.7 The projections indicate that the Council's budget gap (or savings requirement) could peak in 2020/21, and might then narrow slightly year on year. This is primarily because of the simplicity of the projections, in that some annual growth is provided in terms of the council tax base (i.e. the number of chargeable homes is expected to grow each year), whereas other than inflation, no general provision has been made for increasing service pressures.
- 1.8 Fundamentally, however, even on a very simple basis, the indicative projections highlight the ongoing impact of austerity. The Council cannot expect to be financially sustainable without taking action to balance its ongoing budget.
- 1.9 The following list summarises the key issues and actions that will undoubtedly impact either positively or negatively on the Council's financial outlook, and which needed to be reflected and/or addressed within the forthcoming budget:
- Future Plans for Local Government Finance – Retained Business Rates (in whatever form) and the Fair Funding Review.
 - Brexit; what it may mean for the economy, for public spending, and the regulatory framework that the Council operates in.
 - Other future changes in Government policy.
 - Income and cost pressures on Council services from new homes being built in the district.
 - Canal Corridor North.
 - The outcome of the strategic review: other priority led budget growth proposals, and current and new savings proposals.
 - Other Member decisions.
 - On-going savings resulting from the 2016/17 outturn and current year monitoring.

2.0 Proposed Approach and Timetable

- 2.1 Drawing on the above points, **Appendix A** sets out a summary of the planned approach and timetable and the key features are described below.

Prioritisation

Early facilitated sessions have recently taken place with Cabinet Members to begin forming priorities based on the evidence available, and these will continue as need be over the period.

Corporate Plan

The proposed content for a new Corporate Plan will be developed based on strategic priorities, with a finalised version to align with budget proposals for 2018/19 onwards.

Strategy / Policy Review

Consideration of a list of potential policies and strategies up for review will be considered, to inform and be informed by emerging strategic priorities. A

programme of policy review will then be initiated to deliver on agreed priorities and outcomes.

Business Planning

The success of any strategic planning activity is dependent on effective planning and implementation at the operational level. A revised approach to operational business planning 2018/19 is being carried out across the Council to streamline with the developing strategic priorities. Final business plans will then be completed according to budget decisions.

Performance Management

Measuring outcomes in a dynamic and intelligent way will equip managers with the necessary information to deliver agreed priorities and outcomes. A draft set of performance indicators has recently been presented to Members, and once formalised these will form the backbone for ongoing performance management across the organisation, as well as publicising the Council's progress against its plans and strategies.

Budget Planning and Preparation

It is proposed that the four-year horizon for detailed budgeting be retained, but to assist with strategic decision-making, an overview of the Council's outlook beyond that timeframe will be developed as appropriate - recognising that gaining information on Government's intentions on local government finance will be central to that aim.

Financial planning will be informed by national policy prospects, emerging strategic priorities and associated business planning, and by financial outturn and monitoring information. The development of budget options for progression or implementation in any year up to 2021/22 will be initiated either by Officers or Cabinet members, for consideration in a 'Star Chamber' process.

In view of all other work underway, the base budget will continue to be prepared on an incremental basis, but the prioritisation and policy development work underway will assist in achieving a more policy-led, focused budget. Where warranted, different approaches to budget preparation will be adopted.

Star Chamber

Decision-making on budget options will be informed as far as possible by draft service business plans, base budgets and strategic priorities. Cabinet Members will engage with officers to review and challenge proposals.

Consultation and Engagement

As strategic and budget proposal develop, more detailed plans for both internal and external consultation and engagement will be agreed and implemented.

3.0 Option and Options Analysis (Including Risk Assessment)

- 3.1 In essence Cabinet may approve the proposals as set out, or require changes to be made to the suggested approach. The overriding aim of any corporate planning and budget setting process is to approve a balanced budget by statutory deadlines, allocating resources to help ensure delivery of the Council's corporate and service objectives to achieve clear outcomes for the district. The proposed approach is in line with that broad aim, drawing on the time and other resources available to the Council, to help ensure a robust

approach, whilst giving flexibility to respond to any changing needs and circumstances.

- 3.2 Any changes that Cabinet puts forward should be framed in that context. The proposals are designed to help develop and improve the management of the many risks facing the Council – as well as taking advantage of opportunities – and key strategic and other risks will be reported for consideration as part of the process.

4.0 Officer Preferred Option and Conclusion

- 4.1 A strategic, multi-level approach to operational and financial planning will assist the Council in delivering positive outcomes for the district, whilst helping to achieve financial sustainability. Cabinet is therefore asked to approve the proposed approach as set out.

RELATIONSHIP TO POLICY FRAMEWORK
This report incorporates arrangements for reviewing relevant aspects of the 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 considered as part of the decision-making on specific policy or budget proposals, for example.
FINANCIAL IMPLICATIONS
As set out in the report.
SECTION 151 OFFICER'S COMMENTS
The section 151 Officer (as Chief Officer (Resources)) has contributed to this joint report, as part of her responsibilities.
LEGAL IMPLICATIONS
There are no legal implications arising as a result of this report.
MONITORING OFFICER'S COMMENTS
The Monitoring Officer has been consulted and has no comments to add.
BACKGROUND PAPERS
None. Background information has previously been published as part of earlier committee reports, as appropriate.
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