

BUDGET PLANNING REPORT FOR CENTRAL SERVICES 2013/14

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REASON FOR ITEM

This is the first opportunity for the Policy Overview Committee to discuss the current stage of development of budget planning work with regard to Central Services. Within the context of the Council's overall financial position, this paper sets out the main financial issues facing the Group's services and the work being undertaken to respond to them. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2013 will need to be considered.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the development of the financial planning process undertaken to date, and comments as appropriate on the response to the issues being developed by the Group.

INFORMATION

- 1 This is the first of two opportunities within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2013/14. The focus of this report is the major issues that have been identified through the service and financial planning process for Central Services. The report to be considered in January 2013 will set out the detailed budget proposals for the Group, those proposals having been included in the report to Cabinet on the Medium Term Financial Forecast (MTFF) on 20 December 2012.

Corporate Summary

- 2 While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
- 3 The Comprehensive Spending Review 2010 set out the financial challenge facing local government over the following four year period and cuts were heavily front loaded in the first two years. However, it has since become apparent that the estimates on which the CSR was based were over optimistic and it is now highly likely that the period of austerity will continue for a significantly longer period. The budget report to Council in February 2012 identified the savings requirement for 2013/14 as £12.1m and work is currently underway to refresh this figure. However,

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the new two year local government settlement is not due to be published until late autumn and so the final funding position will not be clarified until then.

- 4 In addition, there is significant other uncertainty within the budget for next year:
- the responsibility of public health is being transferred to local government on 1 April 2013;
 - council tax benefit is being abolished from 1 April 2013 and is being replaced with a new local support scheme with an immediate 10% cut in funding;
 - a reform of education funding is also in progress due to be implemented from 1 April 2013; and
 - the allocation of local government funding is being reformed through the business rates retention scheme.
- 5 Alongside this, any emerging pressures which arise throughout this financial year which will have to be provided for in next year's budget. The budget gap will be monitored throughout the year and the budget strategy adjusted accordingly to ensure that a balanced budget for 2012/13 can be set.

Strategy to deal with the budget gap

- 6 The Council is strongly placed to deal with the challenges ahead. We have a good track record of coming in or under budget each year and have accumulated balances of £23.3m by the end of 2011/12. We have a well established HIP programme that has helped steer the Council from a position of having low balances to one of having healthy balances at the same time as dealing with significant external challenges. This has been enhanced by the development of the BID programme as the main vehicle for delivering the fundamental changes required to the Council's structure and ways of working in order to address the reductions in funding going forward.

MTFF process update

- 7 The timetable for the budget process was refreshed earlier this year. The first MTFF sessions with Groups took place during late June and early July to review the detailed budget proposals developed by each group. Progress on the development and delivery of these proposals will be monitored monthly by CMT and the Leader of the Council throughout the remainder of the year.

Timetable for 2012/13 Budget

- 8 The broad timetable is as follows:

Process	Timetable
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Monthly BTB updates (March 12 to Feb 13)	Monthly
Monthly Leader MTFE updates (March 12 to Feb 13)	Monthly
MTFE Reviews (1) Initial Scoping sessions with Heads of Finance and Transformation Manager	March
Initial Scoping meeting with Leader	May/June
MTFE BID Proposals – Firm up plans on cross cutting BID Initiatives	May/June
MTFE Review (2) – 1st Challenge Session	June / July
Initial Draft MTFE Report to Leader	End July
POC Reviews – Context of 2013/14 Budgets	July
MTFE Review (3) – 2 nd Challenge Session	September
Second Draft MTFE Report to Leader	Early October
Joint CMT and Cabinet Awayday	October
Draft Local Government Finance Settlement	November/December
Draft MTFE reported to Cabinet	December
POC review of draft Group Plans and budget proposals	January
Council Tax setting	February

Budget Planning in Central Services

Summary of Key Financial Issues

- 9 Central Services were given a savings target for 2012/13 of £1.781m and are well on track to deliver this amount. The bulk of the savings identified were implemented in 2011/12 which led to a significant underspend of £469k at the year end and also has resulted in £1.603m of the savings target of £1.781m already being banked. These proposals include restructures within the Policy, Performance and Partnerships and Accountancy teams and also a full review of the provision of training within Human Resources.
- 10 For Central Services for 2013/14, proposals have been developed and have been reviewed as part of the MTFE process. These proposals include several savings which are as a result of the full year effect of 2012/13 proposals and are currently in the process of being implemented. These proposals focus on Human Resources and Finance and Procurement, both of which have been going through further BID reviews.
- 11 Budgets continue to be monitored throughout the year to ensure that any expenditure is appropriate and essential and that controls are in place to challenge spend. Reviews of income streams are ongoing, particularly with regard to schools buy in of services.

Next Steps

- 12 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 20 December 2012 and issued for consultation during the remainder of December 2012 and January 2013. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

SUGGESTED COMMITTEE ACTIVITY

Consider whether there are suggestions or comments the Committee wish to make.

BACKGROUND PAPERS

The Council's Budget: General Fund Revenue Budget and Capital Programme 2012/13 – reports to Cabinet 16 February 2012 and Council 23 February 2012.