

## Cabinet – 24 October 2012

### Financial Plan 2013/14 to 2017/18: Draft Revenue Budget Proposals for Consultation

**Portfolio:** Councillor Towe – Finance and Personnel (Lead Portfolio)

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### 1. Summary

- 1.1 This report outlines the portfolio plans for future service delivery, along with the approach being taken to delivering service improvements and cost efficiency over the next five years (2013/14 to 2017/18) **(Appendix 1- to follow)**.
- 1.2 A provisional revenue cash limit is shown. These follow a value for money and service redesign review that has been undertaken based on the marmot objectives of service delivery previously agreed by Cabinet on 25 July 2012. Resident surveys and stakeholder consultation to date **(Appendix 2 – to follow)** have also been considered in the formulation of the draft budget. Any further changes arising from consultation arrangements, including feedback from scrutiny and performance panels, will be presented to Cabinet on 12 December 2012.
- 1.3 This draft budget will be distributed to scrutiny panels and stakeholders for consultation. The final budget, including any changes arising from consultation arrangements, tax base changes and final allocation of formula and other grants will be presented to Cabinet on 23 January 2013 for recommendation to Council, and will be considered by full Council on 21 February 2013.

#### 2. Recommendations

- 2.1 That Cabinet approve as the basis for consultation, provisional revenue cash limits by portfolio and portfolio plans as set out in Appendix 1 – to follow.
- 2.2 That Cabinet refer this report to all scrutiny and performance panels for consultation, to enable their comments to be considered by Cabinet on 12 December 2012.
- 2.3 That Cabinet note that the 2013/14 provisional revenue cash limit is based on a forecasted formula grant prediction, including other predicted changes for council pressures and expected changes to the council tax support and business rates retention schemes. The draft settlement is expected to be announced in late

December 2012. Should the final allocation be less than current estimates, revised cash limits and options for ensuring a balanced budget will need to be brought back for Cabinet consideration as the budget develops and information is published.

- 2.4 That Cabinet note that the level of contingency funds and general reserves will need to be in line with the levels set out with the council's medium term financial strategy, the final allocation to be based on a detailed risk assessment which will be reported to Cabinet in January 2013.
- 2.5 That Cabinet note and approve the consultation arrangements and reporting framework back to Cabinet set out in section 3, and that the findings from the budget consultation, set out in this report, be used and evidenced alongside other feedback and available data by Cabinet as it develops the council's 2013/14 draft corporate revenue and capital budget.

### **3. Report detail**

- 3.1 The budget setting timetable of key reporting dates is outlined as follows –
  - Scrutiny of the first draft budget by scrutiny and performance panels from 13 November to 29 November 2012, and feedback to Cabinet on 12 December 2012.
  - Cabinet (12 December) consider the recommendations of scrutiny panels on first draft budget and make any amendments to the second draft budget programme on 12 December 2012
  - Scrutiny of the second draft budget proposals and draft capital programme by scrutiny and performance panels from 18 December 2012 to 17 January 2013.
  - Cabinet consider recommendations of scrutiny panels on second draft budget.
  - Council approve the council tax base by January 2013.
  - Budget briefings for political groups
  - Budget consultation with stakeholders between August and November 2012.
  - Receipt of the final settlement late January / early February 2013.
  - Recommendation of the final budget, in light of consultation and the final settlement, by Cabinet on 23 January 2013
  - Council set the final budget and council tax levels on 21 February 2013.
- 3.2 The draft settlement for 2013/14 is not expected to be known until late December 2012, after the Chancellor's Autumn Statement. The council's medium term financial outlook has been updated to reflect predicted changes to Formula Grant and other known cost pressures (contractual inflation, pay and grading, demographic changes, pensions revaluation, income projections, etc) resulting in a requirement to make changes to service delivery to meet a five year funding shortfall.
- 3.3 On 8 October the Secretary of State for Local Government announced his intention to set aside £450m over two years fund a council tax freeze grant in 2013/14. In order to qualify for the grant councils would not increase their council tax and therefore would be eligible for up to 1% of their council tax value. For Walsall, this would be equivalent to £831k.

3.4 In considering resource allocation, funding for the development of services will need to be met from the redirection of existing resources, the implementation and rollout of the Working Smarter programme, systems thinking and other models of service delivery efficiencies; and the identification of new income sources. The budget process considers:

- The council's priorities – what does it want to do, to what standard and what results does it want to achieve and at what cost (i.e. what services will it fund, what can it afford). Cabinet has formally adopted the marmot objectives:
  - Give every child the best start in life.
  - Enable all children, young people and adults to maximise their capabilities and have control over their lives.
  - Create fair employment and good work for all.
  - Ensure a healthy standard of living for all.
  - Create and develop healthy and sustainable communities.
  - Strengthen the role and impact of ill-health prevention.
- The level of funding anticipated (subject to Government direction).
- Income that can be generated (through the charging policy, increased charges, new charges, new grants, etc).
- The levels of balances required for financial prudence and to proactively manage the council's risks.
- The methods of service delivery that will deliver value for money (e.g.: in-house, partnerships).
- Stakeholder consultation and lobbying.

#### **4. Council priorities**

4.1 As identified in 3.4 above, the budget process follows council priorities, including the agreement to use marmot objectives to help redirect existing resources through the implementation and rollout of the working smarter programme and systems thinking approach.

#### **5. Risk management**

5.1 Managers are required to deliver service and improvement targets on time, to standard and within budget.

5.2 The budget process is governed by the overarching medium term financial strategy and will be delivered within the Working Smarter Programme approved by Cabinet. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed.

5.3 There is a significant amount of uncertainty around both the 2013/14 grant settlement and the next Comprehensive Spending Review. The former is due to the lack of detail around the operation of the Business Rates Retention scheme for Walsall and the latter, due to the worsening economic growth position and increased national borrowing levels. The medium term financial outlook will need to be updated once the worsening economic predictions are confirmed.

#### **6. Financial implications**

6.1 The council must set a balanced budget to meet its legal requirements as set out under legal implications.

## **7. Legal implications**

7.1 Under the Local Government Act, an authority must set a council tax and balanced budget, giving 14 days notice of the council tax level prior to the date of billing.

## **8. Property implications**

8.1 There are no direct implications from this report, although property implications will arise as the smarter workplaces strand of the working smarter programme is developed.

## **9. Staffing implications**

9.1 There will be some staffing implications arising from this report, and consultation with employees and unions will be undertaken in accordance with required procedures.

## **10. Equality implications**

10.1 None directly associated with this report. An equality impact assessment is undertaken on all proposals and on the overall budget as assessed by the Council's Equality team.

## **11. Consultation**

11.1 Section 138 of the Local Government and Public involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. The 2010 Equality Act whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function.

11.2 Consultation is an integral part of the budget process and arrangements are in hand to consult with a wide range of stakeholders (i.e. councillors, residents, service users, business sector, voluntary and community organisations, etc.).

11.3 Each year the council consults residents and stakeholders as part of its budget process. This year consultation has gathered the views of local residents, the community and voluntary sector, children and young people, older people, representatives from the business community and others. This report presents findings from consultation with these groups to date with a focus on the council's spending priorities for 2013/14 – outlined in **Appendix 2 – to follow**.

11.4 The report is prepared in consultation with the Chief Finance Officer, the Chief Executive, relevant managers and executive directors.

**Background papers:** Various financial working papers.

**Contacts:**

Vicky Buckley, Head of Finance, ☎ 652470, ✉ [buckleyv@walsall.gov.uk](mailto:buckleyv@walsall.gov.uk)

Stuart Wootton, Financial Planning Manager, ☎ 652348, ✉ [woottons@walsall.gov.uk](mailto:woottons@walsall.gov.uk)



James Walsh  
Assistant Director – Finance (CFO)

15 October 2012



Councillor Towe  
Portfolio holder – Finance & Personnel

15 October 2012