

**PUBLIC**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**10 September 2013**

**Report of the Chief Executive and the Director of Finance**

**BUDGET PROCESS**

**Purpose of the Report**

To consider arrangements in relation to the budget process.

**Information and Analysis**

The revenue budget for 2013/14 was approved by Council on 6 February 2013 supported by the Council's Five Year Financial Plan which identified a cuts requirement of £127million for the period 2013/14 to 2017/18.

Since February 2013, the Government has announced a number of changes which require detailed consideration and the County Council has a new administration.

Changes announced by the Government since February are shown below: -

- Confirmation that the Referendum limit for Council Tax increases for 2014-15 and 2015-16 will be reduced to 2% in each of those years. The Council's Five Year Plan currently has 2% in 2014-15, but 2.5% in later years.
- The last Budget by the Chancellor of the Exchequer announced the introduction of a new state pension from 2015-16 funded by the removal of the opt out from SERPS as part of National Insurance contributions. This will adversely affect all employees in the Local Government Pension Scheme as well as the Council itself;
- The Chancellor also announced a further 1% cut to the previously issued grants for 2014-15;
- The CSR in June made reference to a 20% reduction in Education Services Grant from 2015-16;
- The CSR also announced that the total reduction in Government support for local authorities would be 10% in real terms, just over 8% in cash terms. Further, the Secretary of State said that the overall reduction for local authorities would be just over 2% in total after adjusting for additional income from business rates and council tax;

- The New Homes Bonus is to be top-sliced by £400m nationally in 2015-16 with the cash awarded to Local Enterprise Partnerships for re-allocation to local authorities based on bids for projects relating to regeneration and housing;
- On the 25 July 2013, Department for Communities and Local Government issued a technical consultation on the Local Government Finance Settlement for 2014-15 and 2015-16. This was unexpected. This consultation indicates a grant reduction, on average, of 27.6% between 2014-15 and 2015-16. The full impact of this is being analysed and a response from the County Council is being prepared to meet the deadline of 1 October. In view of the timescales, it is proposed that the formal response to the DCLG technical consultation on the Local Government Finance Settlement be delegated to the Director of Finance, in consultation with the Leader of the Council.

The effect of these changes on the overall cuts requirement is an additional £30million – that is £157million over the five year period of 2013/14 to 2017/18 on top of the £70million cuts in the previous three years. This means that by the end of 2017/18, the Council's revenue budget will have reduced by 32% in real terms from its 2009/10 level.

The Council Leader has written to the Secretary of State for Communities and Local Government to seek a meeting to press the case for Derbyshire and to present the serious implications of such level of cuts on individuals and communities. The LGA will also be making representations about the cuts, particularly following the DCLG technical consultation.

Cabinet will be aware that an extensive public consultation and engagement exercise "Your Derbyshire, Your Say" is underway to establish which services are most important to Derbyshire residents in the context of £157million cuts. The consultation began on 8 August 2013 and will run until 31 October 2013. Residents are being asked to allocate £100 of "Derbyshire money" to the services which are most important to them, and also identify the three services which they consider to be their lowest priority. Alongside this, residents are also being asked to consider the level of Council Tax they would be willing to pay in the future.

The Council has reiterated its on-going commitment to embed the voice of Derbyshire communities into the heart of decision making, and with this in mind the focus of the consultation work has been a wide ranging programme of face to face consultation events, which are being undertaken in a variety of locations across the county. These include Bakewell and Langwith Shows, Chesterfield, Glossop and Swadlincote markets and Buxton and Ilkeston and libraries. Further events are planned in South Normanton and Belper, in addition to specific work which will be undertaken with Young People, Older people and BME groups.

All of these events have been publicised through the Council's website and using social media. Additionally, an on-line questionnaire has been developed and links to this have been distributed widely amongst stakeholder groups. This information will help Members prioritise decisions.

Work is underway to revise the Five Year Financial Plan and the Council Meeting on 2 October will consider revisions to the current 2013/14 budget and approve the process for the 2014/15 budget.

In order to meet this timetable, the budget report for the Council Meeting on 2 October will be sent out on 24 September. This report will also be considered at the Cabinet meeting on 1 October to enable Cabinet to formally approve recommendations to the Council Meeting.

### **Other Considerations**

In preparing this report the relevance of the following factors has been considered: legal, financial, prevention of crime and disorder, equality of opportunity, environmental, health, personnel and property considerations.

### **Key Decision – No**

**Call-In** - Is it required that call-in be waived in respect of the decisions proposed in the report? No

### **Background Papers**

Government papers

### **OFFICER'S RECOMMENDATIONS**

1. That the arrangements for the budget process as set out in the report be approved.
2. That the formal response to the DCLG technical consultation on the Local Government Finance Settlement be delegated to the Director of Finance, in consultation with the Leader of the Council.

**Ian Stephenson**  
**Chief Executive**

**Peter Handford**  
**Director of Finance**