

DERBYSHIRE COUNTY COUNCIL

CABINET

13 October 2015

Report of the Director of Finance

PREPARATION OF BUDGET 2016-17

(STRATEGIC, POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

1 Purpose of the Report

To seek Cabinet approval for the proposed timetable for the Council's 2016-17 budget preparation and procedures, and the associated consultation arrangements.

2 Information and Analysis

Preparation of Budget 2016-17

The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution. The Constitution requires that a timetable is publicised by Cabinet for making proposals to the full Council in relation to the annual Revenue Budget, along with arrangements for consultation with stakeholders, which should be for a period of not less than six weeks. The proposed timetable is attached at Appendix 1.

A key element of the Council's budget setting process is consultation with stakeholders.

It is proposed to undertake the following consultation activities:

- Public consultation - a programme of public consultation to be determined by the Chief Executive in consultation with the Leader of the Council;
- Statutory consultation with business ratepayers;
- Consultation with trade unions; and
- Consultation with Improvement and Scrutiny Committees.

Cabinet will take account of the consultation when drawing up firm proposals to the Council.

Five Year Financial Plan

As part of the budget setting process, the Council will revise and update its Five Year Financial Plan (FYFP) to reflect the announcements of the Government's Comprehensive Spending Review (CSR) 2015 and the Local Government Finance Settlement which are to be announced in November and December respectively.

The Plan will also illustrate the financial impact of announcements made in the Government's Summer Budget 2015, details of which were reported to Cabinet on 22 September 2015.

Since the Five Year Financial Plan was updated in January 2015, the Council has identified some items that will have a significant effect on the Council's finances. These include:

- The impact of the Government's decision to introduce a national living wage for all workers aged over 25 which will rise to an estimated £9.00 per hour by 2020. As well as an increase on the Council's salary costs, it is also anticipated that there will be an increase in contract costs as the private sector will increase prices to cover the costs of the living wage.
- One of the Council's main sources of funding, the Revenue Support Grant may be lower than current estimates, based on information published in the Government's Budget 2015 and Summer Budget 2015.
- The additional estimated costs of the contribution to the Pension Fund following the actuarial review in 2016-17.
- Lower than previously estimated Council Tax increases to reflect the Council Tax referendum principles being set at 2% in light of continued low inflation rates

Officers have commenced work in establishing the additional costs associated with the above items, however, it should be noted that details of cuts to local authority funding for the period 2016-17 to 2019-20, will not be known until the CSR is announced.

Details of the revised FYFP will be presented alongside the Revenue Budget Report 2016-17 next year.

Reserves

The Council's Reserves Policy requires a review of Earmarked Reserves at least annually. Work has commenced on reviewing the balances and these will be reported to Cabinet in due course.

The Council will also review its General Reserve projections and these will be reported as part of the report in respect of the FYFP.

3 Considerations

In preparing this report the relevance of the following factors has been considered - human resources, legal, equality and diversity, health, environmental, transport, property and prevention of crime and disorder considerations.

4 Key Decision

No

5 Call-in

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

6 Background Papers

Summer Budget 2015 – HM Treasury

Future funding outlook for councils 2019-20 – Local Government Association

7 Officer's Recommendations

That Cabinet:

- (i) Approves the timetable for completion of the 2016-17 budget; and
- (ii) Notes the proposals for reviewing and updated the Five Year Financial Plan.
- (iii) Notes the arrangements for reviewing Earmarked Reserves and updating the General Reserve projections.

PETER HANDFORD

Director of Finance

Budget Preparation Timetable

October - November 2015	Public consultation.
November - December 2015	<p>Priorities for revenue and capital spending, budget reductions and risks facing the Council are evaluated.</p> <p>Improvement and Scrutiny Committees consulted.</p> <p>Trades Unions consulted.</p> <p>Business Ratepayers consulted.</p> <p>Outcome of the Government's Comprehensive Spending Review 2015 analysed.</p>
<i>1 December 2015</i>	Deadline for details of 2016-17 budget cut proposals to be submitted to the Director of Finance by Strategic Directors for direct inclusion in Revenue Budget Report.
December 2015	Government announces details of Provisional Local Government Finance Settlement.
15 January 2016	Deadline for collection fund and business rates figures to be submitted to the Council by district/borough councils.
January 2016	Cabinet considers report on final revenue/capital settlements, results of consultation/budget priorities and determines budgets and Council Tax recommendations to Full Council.
31 January 2016	Deadline for taxbase figures to be submitted to the Council by district/borough councils.
10 February 2016	Council debates Cabinet recommendations/results of consultation and determines revenue/capital budgets and Council Tax level for 2016-17.
1 March 2016	Notify district/borough councils of precepts.

*Dates in bold are statutory deadlines. Date in italics is a key milestone in the timetable. These dates must be met. The other dates are for indication only.