

**Agenda Item No 7b**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**20 September 2016**

**Report of the Director of Finance**

**PREPARATION OF BUDGET 2017-18**  
(STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

**1 Purpose of the Report**

To seek Cabinet approval for the proposed timetable for the Council's 2017-18 budget preparation and procedures, and the associated consultation arrangements.

**2 Information and Analysis**

**Preparation of Budget 2017-18**

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**

The Council's Five Year Financial Plan (FYFP) is being updated and a report will be taken to Cabinet on 11 October 2016.

In December 2015, the Government announced details of a four-year funding offer to local authorities for the period 2016-17 to 2019-20. If local authorities choose to accept the offer, they are required to submit an efficiency plan to Government which demonstrates that they "have plans to continue to make themselves more efficient". The FYFP will form the basis of the efficiency plan that the Council will submit to Government.

The Plan will be updated again as part of the budget setting process, to reflect the Government's Autumn Statement 2016 and the Provisional Local Government Finance Settlement, which are expected to be announced in November 2016 and December 2016, respectively.

## **Business Rates Retention Consultation**

The Government has announced that it will allow local authorities to retain 100% of the business rates collected in their area. This is currently the subject of a consultation, which ends on 26 September 2016. To ensure that the reforms are fiscally neutral, local government will need to take on extra responsibilities and functions at the point that full localisation occurs, as currently more is raised from business rates than is spent locally. The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between local authorities and any unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the Local Government Finance Settlement, the Government has guaranteed the amounts announced as part of the Local Government Finance Settlement 2016-17.

A further consultation is expected in the Autumn.

There is separate report for consideration at this meeting, which sets out details of the consultation and the proposed response.

## **Reserves**

The Council's Reserves Policy requires a review of Earmarked Reserves at least annually. Work on reviewing the balances will take place later in the year, which will be reported to Cabinet alongside the Revenue Budget Report 2017-18 next year.

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: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

### **4 Key Decision**

No.

### **5 Background Papers**

Papers are held in Technical Section, Room 137, County Hall.

### **6 Officer's Recommendations**

That Cabinet:

- (i) Approves the timetable for completion of the 2017-18 budget, including arrangements for consultation with stakeholders.
- (ii) Notes the proposals for reviewing and updating the Five Year Financial Plan.
- (iii) Notes the arrangements for reviewing Earmarked Reserves and updating the General Reserve projections.

PETER HANDFORD

Director of Finance

**APPENDIX 1****Budget Preparation Timetable**

October - November 2016	Public consultation.
November - December 2016	<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 2016 analysed.</p>
<i>1 December 2016</i>	Deadline for details of 2017-18 budget cut proposals to be submitted to the Director of Finance by Strategic Directors for direct inclusion in Revenue Budget Report.
December 2016	Government announces details of Provisional Local Government Finance Settlement.
<b>15 January 2017</b>	Deadline for collection fund and business rates figures to be submitted to the Council by district/borough councils.
24 January 2017	Cabinet considers report on final revenue/capital settlements, results of consultation/budget priorities, reserves position and five year financial plan and determines budgets and Council Tax recommendations to Full Council.
<b>31 January 2017</b>	Deadline for taxbase figures to be submitted to the Council by district/borough councils.
8 February 2017	Council debates Cabinet recommendations/results of consultation and determines revenue/capital budgets and Council Tax level for 2017-18.
<b>1 March 2017</b>	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.