

<b>Subject:</b>	<b>Budget Update &amp; Budget Process Report 2011/12</b>		
<b>Date of Meeting:</b>	<b>22 July 2010</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CAB16252</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The coalition government announced details of 2010/11 in-year grant reductions for all local authorities on 10 June. These were set out in a report to Cabinet on 17 June and totalled £3.55m for Brighton & Hove City Council covering both revenue and capital grants. A report elsewhere on this agenda sets out proposals on the budget changes needed in match the in-year grant reductions. The Chancellor also set out the spending parameters for the forthcoming departmental spending review (SR) in the Emergency National Budget on 22 June.
- 1.2 Government departments (excluding Health and overseas aid) face on average 25% real terms cut over the next 4 years as part of a package of measures to reduce the projected national budget deficit to manageable levels. This will impact upon the resources available for local government in the SR. The outcome of the SR, due on 20<sup>th</sup> October 2010 will inform the provisional Local Government Finance Settlement due to be published in late November or early December this year. In addition there are consultations on reviews of the formula grant methodology, the schools funding formula and housing subsidy system over the next few months, all of which could have a significant impact on the council's funding. The council's resource position from 2011/12 onwards is therefore highly uncertain.
- 1.3 The purpose of this report is to set out the budget framework for 2011/12 including the latest budget forecasts, the provisional cash limits for each service and the proposed timetable for setting a balanced budget before 11 March 2011.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet notes the resource and expenditure projections for 2011/12 set out in table 3, paragraph 3.30.

- 2.2 That Cabinet instructs Directors and relevant Cabinet Members to produce budget strategies to provide their services within the indicative cash limits as set out in appendix 1.
- 2.3 That Cabinet instructs Directors to demonstrate 4% efficiency savings within their budget strategies.
- 2.4 That Cabinet notes the resource projections for the capital investment programme as shown in appendix 2.
- 2.5 That Cabinet agrees the timetable for budget reports set out in paragraph 3.55.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

#### ***2010/11 Council Tax***

- 3.1 The increase in the overall council tax for residents of Brighton & Hove was 2.5% for 2010/11 compared to an average 2.3% for unitary councils and a 1.8% overall average across the country. The level of council tax at band D remains significantly lower than most other councils in Sussex.

#### ***Capping Announcement***

- 3.2 The previous Local Government Minister Barbara Follett announced on 25 March that the government was taking capping action against two police authorities, Greater Manchester (proposed tax increase of 7.5%) and Nottinghamshire (proposed tax increase of 4.8%). Neither police authority will have to re-bill but will have their budgets capped in 2011/12. The capping criteria have been tightened since 2009/10 as the allowable council tax increase for 2010/11 is no more than 4.5% over 2009/10 compared to 5% the previous year.

#### ***2009/10 Outturn***

- 3.3 The 2009/10 provisional outturn was presented to Cabinet on 17<sup>th</sup> June 2010 and showed an underspend of £0.235m. The Budget report to Budget Council in February included an estimated overspend of £0.066m, the additional £0.301m resources will be transferred to general reserves.

#### ***2010/11 Budget Position***

- 3.4 A high level forecast of the likely level of spending at the end of this financial year based on spending patterns in the first 3 months of the year is shown in a report elsewhere on this agenda. It shows significant spending pressures in the children's social care and adult learning disability budgets resulting in a projected overspend of £2.369m for council controlled budgets. The level of available reserves is set out later in this report in table 2 and the first call on the reserves will be the funding of any 2010/11 overspend.
- 3.5 Action plans to eliminate the projected overspend are being developed and implemented by all services.

## Medium Term Financial Strategy 2011/12 – 2012/13

### Resources

#### *Emergency Budget 22 June 2010*

- 3.6 The national emergency budget was announced on 22 June 2010. The budget included strong indications for the financial outlook for public spending. The date of the spending review has been announced as the 20 October and will cover the 4 years to 2014/15. The national budget projections show government department spending for non protected areas reducing by an average of 25% in real terms over the 4 year period including Communities and Local Government. As a result of this announcement the financial projections assume more severe grant reductions for Area Based Grants and Specific grants. Further information on the assumptions is included at paragraphs 3.18 and 3.19.
- 3.7 *Council Tax.* The government announced that it will work in partnership with Local Authorities to implement a council tax freeze in 2011/12. The government has set aside £625m nationally to implement this proposal on a recurrent basis which indicates any grant received by authorities to reduce their council tax for 2011/12 will continue for future years. This sum is sufficient to fund a 2.5% reduction in council tax for each authority in England for 2011/12 only.
- 3.8 *National insurance.* The increase of 1% in employer national insurance contributions (NIC) announced by the labour government will still come into force from 1<sup>st</sup> April 2011 however the employer threshold for NIC will increase by £21 per week above any indexation which will reduce the effect of the 1% increase. The net cost to the council will need to be calculated once all the NIC thresholds are known for 2011/12 but it will be less than the £1.1m increase it would have cost. The council's assumption for pay cost increases includes the additional cost of NIC.
- 3.9 *VAT .* Standard rate VAT will increase from 17.5% to 20% from 4/1/2011. The council recovers the majority of VAT paid but this change will affect fees and charges that the council levies.
- 3.10 *Pay .* There will be a 2 year pay freeze for the public sector from 2011/12. Those whose salary is less than £21,000 per annum will receive an increase of at least £250. The council's assumption for pay increases includes the additional cost of the increases for the lower paid.
- 3.11 *Pensions.* An independent commission has been set up to look at public sector pension provision. An interim report will be published in September to inform the spending review and the pension review will be completed in time for the national Budget 2011. The government is also reviewing the speed of change to a state pension age to 66.
- 3.12 *Climate change Levy.* The government will propose reforms to the climate change levy in the autumn.
- 3.13 *Housing Benefits.* There is a package of reforms to housing benefits from April 2011 which include changing the Local Housing Allowance rates. This potentially

has a significant impact for the council and the city and work is ongoing to establish the implications.

- 3.14 *Regional Development Agencies (RDA)*. These are to be abolished and enable Local Enterprise Partnerships to lead on local economic development.
- 3.15 *Business Rates*. There will be a temporary (1 year) increase in small business rate relief from 1<sup>st</sup> October 2010.

**Formula Grant**

- 3.16 The 2010/11 formula grant was not reduced when the government grant reductions were announced on 10<sup>th</sup> June 2010. The projection of formula grant for the council for 2011/12 will depend on the level of the grant floor change set by the coalition government in the finance settlement later this year i.e. the minimum change in grant. The Ministerial decision on the level of the grant floor will largely depend on amount of general grant funding made available within the spending review and to a lesser extent on any changes to the grant distribution formula implemented following the expected consultation over the summer.
- 3.17 Whatever changes are made to the grant distribution formula it is extremely likely that the council will remain at the grant floor for the foreseeable future. Until further information is available the forecasts will continue to anticipate a 1% per annum reduction in formula grant for both 2011/12 and 2012/13. Each further 1% reduction in formula grant in 2011/12 will reduce resources by £1.1m.

<b>Table 1: Grant Floor assumptions – year on year change</b>					
Year	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Projection	2012/13 Projection
Change	+2.0%	+1.75%	+1.5%	-1.0%	-1.0%

**Specific Grants and Area Based Grants (ABG)**

- 3.18 The in-year grant reductions for 2010/11, announced on 10 June, included a reduction of £1.935m in ABG and the abolition of the Housing and Planning Delivery Grant and Local Authority Business Growth Incentive (LABGI) funding. The announcement also included the removal of ring-fencing on certain grants to enable greater flexibility in their use. A further announcement was made on 17 June which also abolished funding for the free swimming programme. Further details on the reductions and removal of ring-fencing were given in the report to Cabinet on 17 June, and a report elsewhere on this agenda sets out proposals on the budget changes needed in match the in-year grant reductions.
- 3.19 The level of specific grants and ABG is not known for 2011/12 and beyond however this funding is at further risk of being reduced from the revised 2010/11 amounts and in some cases grants will come to an end. The current assumption is that ABG will reduce by a further 20% in 2011/12. The revised ABG allocation for 2010/11 was £22.6m, certain elements of ABG are expected to come to an end such as Stronger Safer Communities and therefore the total reduction for 2011/12 is forecast to be £4.8m, in addition to the reduction this year. Certain other specific grants such as Social Care Reform Grant are expected to come to

an end and any remaining specific grants are assumed to be reduced by 10% in 2011/12. The total reduction assumed for other specific grants is £6.0m.

### ***Dedicated Schools Grant (DSG)***

- 3.20 The DSG funding next year for Brighton and Hove schools will depend both on the resources allocated to schools nationally in the CSR and on the outcome of a major review of DSG distribution which is described in more detail below.
- 3.21 A consultation setting out both, the principles underpinning a new DSG funding system and proposals on a new formula for distributing DSG, was issued in March 2010 and after discussion at the Schools Forum a response was made by the council before the deadline of 7 June 2010. The consultation proposed the introduction of a Local Pupil Premium, to ensure that resources for deprivation reach the pupils who need them, and combining as many relevant specific grants as possible into DSG.
- 3.22 Once responses to the initial consultation have been considered by the coalition government, they will consult on detailed formula proposals with exemplifications for each authority so that indicative allocations can be made to local authorities by the end of November 2010.

### ***Concessionary Fares Funding***

- 3.23 From April 2011 responsibility for the administration of concessionary travel will move from district councils to county councils with unitary councils retaining their existing responsibilities. This change will require changes to the existing funding arrangements and the previous government was considering radical options both to the way local authorities are funded and to the way bus operators are compensated. There is a financial risk to all authorities associated with any changes but it is not known at this time if or when the new government will consult on changes to the way bus operators are compensated. However the other changes to the concessionary travel element of the formula grant settlement will form part of the overall formula grant consultation expected to be issued over the summer. The formula grant Settlement Working Group has considered various options and officers have been closely monitoring the proposals and involved in the discussions.
- 3.24 The Pre-Budget Report announcement on the 9<sup>th</sup> December 2009 included expected efficiencies of £180m or 17% from concessionary travel from 2012/13. The areas of work expected by the government to generate the efficiencies included a gradual change in age of eligibility; streamlining administration, simplifying how bus operators are reimbursed and the use of smart and integrated ticketing. The council will need to monitor the impact of the proposed efficiencies on the Brighton & Hove scheme and whether the local savings can match any reductions in funding.

### ***Fees and Charges***

- 3.25 Fees and charges are assumed to increase by a standard inflation of 2% each year. Details of fees and charges for 2011/12 will be presented to the relevant Cabinet Member Meetings and onto Council where appropriate prior to Budget Council.

## **Council Tax Strategy, Tax Base and the Collection Fund**

- 3.26 The collection fund, the account into which all council tax and council tax benefit is paid, was forecast to have a £2.685m surplus at 31<sup>st</sup> March 2010. The actual position when the 2009/10 accounts were closed was a surplus of £3.056m, an improvement of £0.371m, which was in part due to higher in year collection. The city council share of the improvement in the 2009/10 surplus is £0.316m and this along with the forecast for the current year in January 2011 will need to be factored into the 2011/12 budget. The collection fund position is monitored monthly and current early projections indicate an overall breakeven position during 2010/11 although the number of new properties is slightly below the forecast.
- 3.27 New property developments in the next 2 years are expected to be extremely limited so the prudent assumption that the taxbase will not increase beyond 2010/11 will be maintained.
- 3.28 For the future resource estimates in this report the indicative council tax strategy contains increases of 2.5% for 2011/12 and 2012/13 as set out in the 2010/11 budget report but it will be up to all Members at Budget Council in March 2011 to agree the final level of the council tax. The government stated in the emergency budget that it will work in partnership with local authorities to implement a freeze in council tax in England in 2011/12. The government will clarify in due course the terms under which local authorities that commit to freeze or reduce their council tax will be compensated.

### **General reserves position and working balance**

- 3.29 The working balance is currently £9m and is planned to remain at this level over the next 3 years. The following table shows the projected general reserves position to 31<sup>st</sup> March 2012 assuming spending is in line with budget in 2011/12 and all risk provisions are allocated to support each year's budget.

<b>Table 2 - General Reserves</b>	2010/11	2011/12
	£'000	£'000
Brought- forward	<b>0</b>	<b>944</b>
Improved 2009/10 outturn (see paragraph 3.3)	301	
Contributions to reserves from lower than anticipated pay awards	1,326	
Transfer following 2009/10 final accounts review	317	
Improved 2009/10 collection fund		316
Additional LDV costs agreed by Cabinet*	-200	
Repayment from restructure/redundancy reserve	200	200
Local elections		-340
Brighton Centre redevelopment reserve		-1,000
2010/11 overspend**	-1,000	
Carry-forward	<b>944</b>	<b>120</b>

\* The costs of setting up the LDV will be repaid to reserves once the LDV is operational.

\*\* The TBM report elsewhere on this agenda, highlights an estimated overspend of £2.369m although it is acknowledged this is very early in the year. The

implementation of financial recovery plans and tight cost control should impact on this overspend. At this stage £1m reserves have been identified to cover any potential residual overspend.

## **Budget Estimates and Budget Process**

### ***MTFS summary expenditure estimates***

3.30 The following table shows the budget estimates for 2011/12.

<b>Table 3 - Budget Estimates</b>	<b>2011/12</b>
	<b>£m</b>
2010/11 Base Budget	230.8
Inflation	3.0
Risk Provision	1.0
Commitments	-0.1
Service pressures	9.1
Service pressures – specific grants	10.8
Savings (including £10.8m reduction in specific grants)	-21.2
<b>Sub-Total</b>	<b>233.4</b>
Change in contribution to / from reserves	-2.7
<b>Budget Requirement</b>	<b>230.7</b>
<b>Funding Projections:</b>	
Formula Grant	108.1
Council Tax	122.6
<b>Total</b>	<b>230.7</b>

### ***Pay award and Inflation assumptions***

- 3.31 The government have announced a 2 year pay freeze for the public sector from 2011/12 except for those earning £21,000 or less who will receive an increase of at least £250 per year. The government has also announced measures to reduce the impact of a 1% increase in employer's national insurance contributions however this still leaves a net additional cost to the council.
- 3.32 The budget estimates for 2011/12 include a 1% increase in pay to cover the estimated cost of the pay award for those earning under £21,000 per annum and the increase in costs for national insurance, with any remaining balance held for any additional single status costs.
- 3.33 The provision for general inflation on both expenditure and income is 2% per annum. Compared to current levels of inflation in the economy this is low but inflation is expected to decrease later this year. Some budgets such as fuel and energy have been extremely volatile in recent times and a separate analysis will be carried out in these areas prior to the renewal of key contracts with appropriate adjustments made to the risk provision in the budget.

### ***Commitments and the Risk Provision***

- 3.34 A risk provision of £1.0m per annum is incorporated into the budget projections to cover uncertainties within the budget. A number of commitments have been included to cover the planned changes in budgets from previous decisions. In

2011/12 these include funding for the new Historic Records Centre and one-off funding for local elections which are more than offset by reductions in financing costs and the removal of the 2010/11 £0.5m one-off risk provision to cover the impact of the continuing economic downturn and other pressures.

***Single Status (Back pay & future pay)***

- 3.35 A new Single Status Pay & Grading Structure was implemented in January 2010 and the budget contains ongoing provision of £1.63m to help cover the financial implications. The exact cost of the new structure will not be determined until all grading appeals have been heard. The provision should be sufficient to fund the additional expenditure directorates will incur in 2010/11, however, over the next 3 to 4 years there will be an incremental drift pressure of approximately £0.6m in total as staff who received an increase in grade progress through their new pay banding. This pressure will need to be funded from directorate cash limits.
- 3.36 The Equal Pay Reserve balance stood at £13.3m at 31 March 2010, this sum includes the £1.5m set aside for voluntary aided schools as agreed at Cabinet in April. There are a number of residual equal pay risks that remain that may require the utilisation of one-off resources and these would be funded from this reserve.

***Pension fund triennial review***

- 3.37 Work by the Actuary has started on the statutory review of the East Sussex pension fund for implementation from 1<sup>st</sup> April 2011 and the required information has already been provided by the council. There have been no new developments since the report to Budget Council in February so the increased employer’s pension contribution rate built into the budget forecasts remains at 0.5% or £0.65m per annum for the next 3 years. The outcome of the review should be known in Autumn 2010 with final contribution rates agreed in early 2011.

***Cash Limits (% change in Budgets)***

- 3.38 The 2010/11 adjusted budget is the basis from which percentage changes are proposed for the main service areas to generate cash limits for future years. These percentage changes are net of savings, service pressures and areas of growth and are designed to provide allocations that directorates are expected to manage within to deliver a balanced budget. Directorates are instructed to provide budget strategies for their services that live within the cash limits. Appendix 1 provides further information on the breakdown of the budgets for the cash limit service areas.

<b>Table 4 – Provisional Cash Limits</b>	<b>2011/12</b>
Planned Maintenance	0.0%
Finance & Resources	-1.7%
Strategy & Governance	-1.0%
Culture & Enterprise	1.0%
Housing Strategy	-0.1%
Waste Disposal	0.0%
City Clean	-1.2%



<b>Table 4 – Provisional Cash Limits</b>	<b>2011/12</b>
Parking income	0.0%
Environment other	0.4%
CYPT – LEA functions	-1.4%
CYPT Children’s & other services	3.5%
Adult Learning Disabilities	2.0%
Adult Social Care	-0.1%
Health Led services	0.1%

3.39 Cash limits have been set on the basis of the council’s existing structures. When the council’s new structure is implemented those cash limits will be mapped onto the new arrangements and clear responsibilities for identifying the required savings will be agreed. It is not proposed to alter the cash limits in themselves mid year to reflect the new structure, however when the budget is presented for 2011/12 it will need to be presented in accordance with the new arrangements. There will be very limited opportunity for the new commissioning model to deliver additional savings for 2011/12 and therefore reliance will be placed on a combination of the VFM programme, more “traditional” budget savings and also a very careful review of grant funding commitments.

**Service Pressures**

- 3.40 The cash limits are set to incorporate spending pressures. The directorates have identified estimates of service pressures for their service areas and these have been included in the table at appendix 1.
- 3.41 Mainstream budget pressures of £9.1m have been identified. This includes £4m for children’s social services overall of which £2.7m is for independent foster and residential agency placements. Pressures in adult social services total £3.5m, this includes £2.1m for growth in learning disabilities clients and transitions as well as £0.5m for demographic growth in older people, mental health and physical disability clients. The provisional cash limits have been adjusted to reflect the latest spending forecasts.
- 3.42 The estimate of pressures from specific grants reducing or coming to an end outlined in paragraph 3.19 total £10.8m. Therefore the total service pressures identified are £19.9m.

**Savings**

3.43 Directorates are required to identify savings to manage within their cash limit allocations. Directorates are tasked with identifying 4% efficiency savings within their financial strategies (which includes identified Value for Money programme savings) as well as any further savings required to manage within their cash limit. There are substantial additional savings required to cover the projected reductions in specific grants as outlined in paragraphs 3.18 to 3.19. As a result of projected higher grant reductions the overall savings target has increased to £21.2m. Further details of the savings by service area are included in appendix 1.

### ***Value For Money Programme***

- 3.44 Elsewhere on the agenda is an update on the value for money (VFM) programme for 2010/11. Projections of gains through the VFM programme in future years are included at appendix 3. These gains will support services in managing the pressures identified and in meeting their savings targets to live within cash limits.

### **Central Budgets**

#### ***Financing Costs***

- 3.45 The size of the budget depends upon forecasts of both the level of short and long term interest rates and future borrowing. Short term interest rates are at an historic low and are expected to be raised gradually by the Bank of England over the next few years. Long term borrowing rates are also expected to rise slightly to reflect increased borrowing by the government. The level of borrowing supported by the government but undertaken by the council is forecast to fall sharply as the government reduces capital spending. The Spending Review later this year should confirm whether the right assumptions have been made. The budget forecasts will also depend on the current review of housing finance where it is hoped that changes will mean that in future good treasury management policy and actions will deliver benefits to both the General Fund and the Housing Revenue Account.

#### ***Concessionary Fares Budget***

- 3.46 The 2010/11 scheme was published by the statutory deadline of 3<sup>rd</sup> March 2010 and reimbursement rates were notified to each of the 9 bus operators within the City. The council has received one appeal against the 2010/11 scheme and the reimbursement arrangements for that bus operator will now be decided by an adjudicator on behalf of the Secretary of State for Transport. It is worth noting that the same operator appealed the 2009/10 scheme and the decision made by the adjudicator recommended only minor wording changes to the scheme but made no change to the payment to the operator.
- 3.47 The overall budget agreed for concessionary bus fares in 2010/11 is £9.5m before the deduction of £1.8m government grant. This includes an allowance for more journeys assuming better overall weather conditions and more people holidaying at home but no increase in bus fares.
- 3.48 The forecast budget for 2011/12 is £9.9m and represents a 5% increase which is likely to be needed to cover possible changes to fares and journey numbers. The council is required to issue a provisional 2011/12 scheme to bus operators by 30<sup>th</sup> November 2010.

#### ***Insurance Premia***

- 3.49 At the time of setting the 2010/11 budget officers were investigating opportunities to deliver savings in this budget particularly in relation to the insurance of the vehicle fleet. Quotes were subsequently received from the insurance companies and changes were made to the level of the deductibles to achieve optimum value for money and deliver an estimated additional saving of £125,000 in 2010/11

assuming that the number and value of claims received during the year is about average.

- 3.50 The council has entered into long-term agreements for most insurance cover for the period up to 31 March 2011 so a major re-tendering exercise will take place later this year. The final outcome will not be known when the 2011/12 budget is set so the budget will have to be based on the best information available at the time. Officers will continue to explore the optimal balance between the level of cover and the insurance premia paid on a wider range of insurances.

### ***Sussex Sea Fisheries***

- 3.51 The government is currently consulting on the establishment of Inshore Fisheries and Conservation Authorities (IFCA). These new authorities will take on the responsibilities of Sea Fisheries Committees and it proposed to create a Sussex IFCA in place of the Sussex Sea Fisheries Committee. Sussex Sea Fisheries operational area includes East and West Sussex, Brighton & Hove and a proportion of Kent, the new Sussex IFCA will exclude Kent.
- 3.52 The consultation includes proposals for calculating the levy paid by each constituent authority of the IFCA, Brighton & Hove's current levy is £0.114m, 19.8% of the total levy. A joint response has been agreed between ESCC, WSCC and Brighton & Hove on a new method of calculating the levy that could result in the council's levy reducing by up to £0.048m, however budget projections for the levy will not be revised until the outcome of the consultation is known.

### **Capital Programme 2011/12**

- 3.53 The projected capital programme and resources are included in the table in appendix 2. These projections have been amended in light of the recent announcements for the in year grant cuts and the emergency budget. The main changes in projections include a 30% reduction in education capital funding for those elements of the programme that are ongoing. The grant for the integrated transport block within the Local Transport Plan funding is assumed to be cut entirely.
- 3.54 Capital receipts support the capital programme and the projections have been reviewed over a 3 year period and include receipts from the sale of Patcham Court Farm, the former ice rink in Queens Square and the Charter Hotel.

### **Timetable**

- 3.55 Timetable for budget papers:

<b>Table 5 - Proposed 2011/12 Budget Timetable</b>		
<b>Date</b>	<b>Meeting</b>	<b>Papers</b>
17 <sup>th</sup> June 2010 22 <sup>nd</sup> June 2010 1 <sup>st</sup> July 2010	Cabinet Emergency Budget announced Budget Review Group	Report on in year grant reductions
22 <sup>nd</sup> July 2010	Cabinet	Budget update and budget process report In year grant reductions report
2 <sup>nd</sup> Dec 2010 9 <sup>th</sup> Dec 2010 14 <sup>th</sup> Dec 2010	Most likely date for settlement Cabinet OSC	Budget strategies Budget Strategies
6 <sup>th</sup> Jan 2011 20 <sup>th</sup> Jan 2011 25 <sup>th</sup> Jan 2011 26 <sup>th</sup> Jan 2011 26 <sup>th</sup> Jan 2011	ASCOSC Cabinet ESCOSC CTEOSC CYPOSC	Budget Strategies Tax base report Budget Strategies Budget Strategies Budget Strategies
1 <sup>st</sup> Feb 2011 [3 <sup>rd</sup> Feb 2011] 10 <sup>th</sup> Feb 2011 17 <sup>th</sup> Feb 2011	OSC East Sussex Fire Authority Sussex Police Authority Budget Cabinet	Budget Strategies Date to be confirmed Overall budget package
3 <sup>rd</sup> March 2011	Budget Council	Overall budget package

#### **4. CONSULTATION**

- 4.1 The budget and council tax consultation process will be discussed by the cross party Budget Review Group during the summer. The conclusions from consultation will be circulated to all Members.

#### **5 FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 These are contained in the main body of the report.

*Finance Officer Consulted: Mark Ireland*

*Date: 07/07/10*

##### Legal Implications:

- 5.2 The process of formulating a plan or strategy for the control of the council's borrowing, investments or capital expenditure, or for determining the authority's minimum revenue position is an executive function and thus falls to the Cabinet to discharge. The recommendations at paragraph 2 above are proper to be considered and, if appropriate, approved by the Cabinet.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 07/07/10*

Equalities Implications:

- 5.3 The budget includes provisions to meet both equal pay compensation and address inequalities in pay through the implementation of job evaluation including changes to allowances package. Equalities issues will be taken into account throughout the budget setting process and the development of budget strategies for individual services. All the budget proposals will be considered by each service to determine whether they are covered by existing Equalities Impact Assessments (EIAs) or whether new ones are required and if so, how and when they need to be completed. Relevant EIA's will be included with the budget proposals for consideration by members.

Sustainability Implications:

- 5.4 Sustainability issues will be taken into account throughout the council's budget setting process.

Crime & Disorder Implications:

- 5.5 The budget projections identify resources to help replace the reduction in government grants funding of certain crime and disorder initiatives.

Risk & Opportunity Management Implications:

- 5.6 There are considerable risks to the council's short and medium term budget strategy including the impact of the economic conditions and changes in the national budget, spending exceeding budgets, pressures on existing budgets, further reductions in grant, legislative change demands for new spend. The budget process includes the recognition of these risks in determining the 2010/11 budget.

Corporate / Citywide Implications:

- 5.7 The report is relevant to the whole of the city.

**6 EVALUATION OF ANY ALTERNATIVE OPTION(S)**

- 6.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 3<sup>rd</sup> March 2011. Budget Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals.

**7 REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. This report sets out the budget assumptions, process and timetable to meet this statutory duty.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Indicative service cash limits including pressures and savings
2. Projected capital programme 2011/12 – 2012/13
3. VFM Programme

### **Documents in Members' Rooms**

None

### **Background Documents**

1. Files held within Strategic Finance section
2. Government Budget Report
3. Brighton & Hove City Council Budget report, Feb 2010