

**Council**28<sup>th</sup> February 2013**Agenda Item 90**

Brighton &amp; Hove City Council

<b>Subject:</b>	<b>General Fund Revenue Budget &amp; Council Tax 2013-14</b>		
<b>Date of Meeting:</b>	<b>28 February 2013</b> 14 February 2013 – Policy & Resources Committee		
<b>Report of:</b>	<b>Director of Finance</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Ireland</b>	<b>Tel: 29-1240</b>
		<b>James Hengeveld</b>	<b>29-1242</b>
	<b>Email:</b>	<a href="mailto:mark.ireland@brighton-hove.gov.uk">mark.ireland@brighton-hove.gov.uk</a>	
		<a href="mailto:james.hengeveld@brighton-hove.gov.uk">james.hengeveld@brighton-hove.gov.uk</a>	
<b>Ward(s) affected:</b>	<b>All</b>		

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

- 1.1 This report sets out the final proposals for the General Fund Revenue Budget and Council Tax for 2013/14. It takes into account feedback and evidence received by the council through consultation, the scrutiny process and equalities impact assessments. It also sets out the principles on which the budget has been prepared and highlights ways in which investment in key preventative services is being sustained and in some cases enhanced.
- 1.2 The report takes into account the recent decisions made by Policy & Resources Committee and Full Council on Council Tax Discounts and Exemptions, the Council Tax Reduction Scheme and Business Rates Retention Forecasts. The original proposals were also published prior to the Provisional Local Government Finance Settlement so a number of changes to funding assumptions have also been made.
- 1.3 In order to more closely align the council's service and financial planning processes, draft Corporate Plan commitments for 2013/14 have been included for contextual information in the detailed budget strategies. However the commitments are not for decision at this time and will be considered by Full Council along with the whole Corporate Plan in March.

**2. RECOMMENDATIONS:**

That Policy & Resources Committee:–

- 2.1 Recommend to Council, subject to recommendation 2.3 below, the 2013/14 General Fund Revenue Budget proposals contained in the body of this report including:
  - A 1.96% increase in the Brighton & Hove element of the council tax.
  - The 2013/14 budget allocations to services as set out in appendix 1.

- The council's net General Fund budget requirement for 2013/14 of £228.1m.
  - The reinvestments as set out in paragraph 3.37.
  - The budget savings package as set out in appendix 4.
  - The contingency budget of £6.0m as set out in table 6.
  - The reserves allocations as set out in paragraph 3.29 and table 4.
  - The borrowing limit for the year commencing 1 April 2013 of £371m.
  - The annual Minimum Revenue Provision statement as set out in appendix 9.
  - The Prudential Indicators as set out in appendix 10 to this report.
  - The proposed responses to the scrutiny recommendations as set out in appendix 14.
- 2.2 Note the revised Medium Term Financial Strategy budget and resource projections for 2013/14 to 2018/19 as set out in appendix 7.
- 2.3 Note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.5.

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

#### **Structure of the report**

- 3.1 The report provides full information on function and funding changes and other legal and financial matters that have resource implications for the 2013/14 budget. The full set of information provided in this report is listed here as an aid to navigation:
- **Local Government Finance Settlement** - updates are given on the latest position regarding government grant announcements;
  - **Business Rates Retention** – forecasts of the council's share of business rates for the next 2 years are included;
  - **Function and Funding Changes** – information about function and funding changes;
  - **Schools Funding** – Information on Dedicated Schools Grant (DSG) and Pupil Premium;
  - **Other Government Grants and New Homes Bonus** - Information on other government grants with details in appendix 5 and the New Homes Bonus final allocations for 2013/14;
  - **Fees and Charges** – More information of the Fees and Charges is given within the Budget Strategy appendix 3;
  - **Council Tax Freeze Grant** – information is provided about recent government announcements;

- **Reserves Position** - a re-assessment is included of the level of reserves available to fund one-off items of expenditure and / or provide short term support for the budget. A full review of reserves is included in appendix 6;
- **Expenditure Estimates** - including information on the latest position in 2012/13, internal transfers and other adjustments, an analysis of budget changes since 2012/13, inflation, risk provisions, commitments and reinvestment, investment in preventative services and service pressures;
- **Budget Principles and Priorities** - including savings proposals and budget reductions, Value for Money, feedback from scrutiny and staffing implications;
- **Annual Minimum Revenue Provision (MRP) Statement and Prudential Indicators** – information on the full statement is attached at appendix 9 and the prudential indicators are shown in appendix 10;
- **Corporate Budgets including Contingency** - information on changes to the main corporate budgets including the resources held in contingency for 2013/14
- **Change in use of Reserves** – contains details of the changes;
- **Council Tax** – including council tax, referendum and the supplementary information required for Budget Council;
- **Medium Term Financial Strategy** - Information on the financial strategy over the next 6 years is included in appendix 7 alongside an assessment of risks in appendix 8;
- **Report of the Chief Finance Officer** – including the robustness of estimates, adequacy of reserves, and an assurance statement by the council's section 151 officer;
- **Community Engagement and Consultation** – details of consultation and engagement including a summary report on budget consultation and the report from scrutiny in appendix 14.

### **Projected Resources available in 2013/14**

#### ***Local Government Finance Settlement***

- 3.2 The final Local Government Finance settlement was announced on 4 February although some government grant information still remains unpublished. The settlement reflects the major changes to local government finance that are happening on the 1 April 2013. The table below compares the levels of funding under the current and new systems making adjustments to establish a like-for-like comparison.

<b>Table 1</b>	<b>Brighton &amp; Hove City Council</b>		
	2012/13 £ million	2013/14 £ million	2014/15 £ million
Formula Grant	104.371		
Revenue Support Grant (RSG)		77.652	64.094
Government assumed business rates income retained by the council		50.079	51.615
Top-up Grant		1.581	1.629
Specific Grants rolled into and removed from new system	37.062		
New Homes Bonus (NHB) additional allocation and refund of top-slice		1.408	
<b>Total Funding</b>	<b>141.433</b>	<b>130.720</b>	<b>117.338</b>
Reduction		-10.713	-13.382
Percentage		-7.6%	-10.2%

- 3.3 The government assumed level of business rates retained locally is used to determine both the RSG and top-up grant for the council. The section on business rates later in this report compares the government forecasts with those made by the council. In 2013/14 councils will either receive a top-up grant where their share of local business rates is notionally less than their current equivalent grant funding or pay a tariff where it is more. For example Westminster City Council pays a very large tariff as its share of local business rate income far exceeds the equivalent amount it currently receives in grant.
- 3.4 The grants rolled into the new system primarily include council tax reduction scheme grant previously council tax benefit grant, early intervention grant (EIG) but at a much lower level and Learning Disability & Health Reform grant. Funding for school support services (e.g. school improvement, statutory and regulatory duties, education welfare service) has been removed and will be paid to councils as a separate Education Services grant based on the number of school pupils not in academies or free schools. A further adjustment has been made to reflect the new NHB allocation for 2013/14 and the anticipated refund because Communities and Local Government (CLG) top-sliced too much for the national 2013/14 allocations from RSG.
- 3.5 The government uses a “spending power” calculation in the settlement to make comparisons between authorities. This calculation also adds in funding changes arising from other grants including Public Health and possible contributions from the NHS to support social care budgets and spreads these over a much bigger funding baseline which includes other grants and council tax. However, their calculation does not take account of the funding reductions in the council tax reduction grant or the full reductions in EIG. Neither does it take into account the demographic and other cost pressures that councils are facing. The table below shows the “spending power” changes as set out by CLG in the final settlement.

<b>Table 2 CLG Spending Power figures</b>			
	Brighton & Hove City Council	National Average	Unitary Average
2013/14	-2.4%	-1.3%	-1.1%
2014/15	-3.9%	-3.4%	-3.5%

- 3.6 The council has received the second biggest reduction in “spending power” in 2013/14 of all upper tier authorities with education and social services responsibilities. The complexities of the changeover to the new system are such that it is impossible to analyse why the council has had such a poor settlement in 2013/14 other than to say it will be largely due to the council being at the grant floor in 2012/13.
- 3.7 Officers made a technical response to the provisional settlement by the 15 January 2013 deadline to CLG and this was attached as an appendix to the business rates forecast for 2013/14 report to 24 January Policy & Resources Committee, as it largely refers to issues raised by the proposed treatment of business rates appeals and refunds.

#### **Forecast Business Rate Retention income for 2013/14 and 2014/15**

- 3.8 Details of the business rate retention income forecasts were set out in the report to the January meeting of Policy & Resources Committee. It was agreed that the final figure for 2013/14 which had to be determined by 31 January 2013 would be delegated to the Director of Finance in consultation with the Chair of Policy & Resources Committee because of the late and frequent changes to the guidance provided by CLG. The guidance set out in the addendum report to the January meeting did not change before the 31 January deadline.
- 3.9 Table 3 below shows the forecasts of the council’s 49% share of business rates income for 2013/14 and 2014/15 agreed by the Director of Finance which take into account the advice set out in the addendum report. The forecast for 2013/14 therefore now makes full provision for the council’s share of estimated ultimate losses due to appeals of £3m per annum and one-off refunds of £7.6m. Regulations allow the council to choose to spread the cost of refunds over 5 years. However, making the full provision in 2013/14 means that the forecast income falls below the safety net level set by the government and the council therefore qualifies for safety net grant of just under £4m.
- 3.10 The increase in the forecast of the council’s share of business rate income shown in table 3 below of just over £9m between 2013/14 and 2014/15 is due to the removal of the £7.6m one-off provision for refunds made in 2013/14, the assumed annual uplift in the business rates poundage of just over 3% based on government forecasts and the estimated full year effect of the additional business rates generated by known new developments.

<b>Table 3 - Forecasts of the council's 49% share of local Business Rate income</b>		
	2013/14 £ million	2014/15 £ million
Council forecast	42.234	51.426
Estimated Safety Net grant	3.970	-
S.31 Grant to compensate for the extension of further small business rate relief announced in the Autumn Statement*	1.300	1.340
Total forecast council share	47.504	52.766
* For 2014/15 either the relief will be extended again and the council will be entitled to more S.31 grant or the scheme will end and small businesses will have to pay more business rates thereby increasing the income forecast.		

- 3.11 Whilst the council is forecast to lose funding next year due to setting aside resources to meet the impact of appeals and refunds, over the medium term the overall resources impact could be slightly positive if the forecast business rates base can be maintained or grow in 2015/16 and 2016/17. Beyond 2016/17 a new revaluation will be implemented and if the current system is not amended then the impact of further appeals on the 2017 list could be highly detrimental to the council as the council will not gain from any increases in rateable values from revaluations.

### **Changes in function / funding**

- 3.12 The 2013/14 settlement includes a number of transfers of specific grants to Revenue Support Grant (RSG) and Business Rates Retention (BRR). These include the transfer of Early Intervention Grant however the level transferred is £3.3m lower (29%) than the level received in 2012/13 with only a £0.6m reduction in costs transferred. This created a £2.7m funding gap. Other transfers include Homelessness grant, Learning disabilities and Health reform Grant and part of the Lead Local flood grant. These transfers resulted in additional income of £0.2m, (2%). The settlement includes the transfer from RSG and BRR of £4.2m for Education Services Grant.
- 3.13 The Health and Social Care Act 2012 sets out a vision for public health in local government. From 1 April 2013 the council will take on new public health responsibilities to improve the health of its population. The Department of Health has awarded a ring fenced grant of £18.3 million for 2013/14 and £18.7 million for 2014/15 intended to cover the public health responsibilities which are transferring to the local authority. The council is engaged with Health and partners to ensure that the resources associated with all Public Health responsibilities are identified and reflect agreed strategies. It is expected that the grant award will cover the commissioning, programme and staff costs transferring from Health ensuring delivery of the services mandated through regulation and locally determined commissions. The conditions associated with the grant awarded under Section 31 of the local Government Act 2003 set out that the funds must be used to:

- Improve the health and wellbeing of the local population.
  - Carry out health protection functions delegated from the Secretary of State.
  - Reduce health inequalities across the life course, including hard to reach groups.
  - Ensure the provision of population healthcare advice.
- 3.14 From 1 April 2013 the Council will take on the responsibility for a Local Discretionary Social Fund (Local Welfare Provision). This responsibility was previously administered by the Department for Work and Pensions through Community Care Grants and Crisis Loans. For 2013/14 the council will receive a grant of £0.629m, an allocation based on expenditure in 2005/6, and £0.133m to administer the fund. In November 2012, Policy and Resources agreed an interim scheme for Local Welfare Provision.
- 3.15 The Police and Crime Commissioner was elected on 15 November and will take responsibility for commissioning some aspects of community safety. There are a number of grant streams currently available to councils and community safety partnerships that are due to come to an end in March 2013. The planned intention is that Police and Crime Commissioners will then in 2013/14 receive a designated but unringfenced grant for commissioning community safety and other activities however the details are still to be confirmed. Until any changed funding arrangements are confirmed, the council and partnership community safety planning strategy for 2013/14 has been developed on the basis that grants will be at a similar level to 2012/13 and will be an external contribution from the Police Commissioner instead of specific grants from the Home Office.

### **Schools Funding**

- 3.16 For 2013/14 the Dedicated Schools Grant (DSG) will be split into 3 notional blocks: Schools, Early years and High needs. In 2013/14 these will be calculated based on local authorities' planned 2012/13 budgets. The blocks will not be ring-fenced but the Department for Education (DfE) will continue to ring-fence the DSG as a whole. The Schools Block will be calculated using pupil numbers from the October School Census. The Early Years block will continue to be funded on the January count. The High Needs block will cover funding for education provision for high needs pupils and students from birth to 25, in line with the proposals set out in the Green paper on Special Educational Needs (SEN) and Disability. The DfE has provided information on the DSG for 2013/14 which gives a total DSG for Brighton and Hove of £161.555m. This includes £1.991m for the funding for early education for two year olds.
- 3.17 To dampen the changes in budgets that will be experienced by some schools as a result of the new, simplified local formulae in mainstream schools and to give schools sufficient time to plan for the effects of any budget reductions, the DfE will continue the Minimum Funding Guarantee (MFG) at minus 1.5% per pupil in 2013/14 and 2014/15. Funding for the Pupil Premium will increase from £623 per pupil (based on free schools meals data over the last 6 years) in 2012/13 to £900 per pupil in 2013/14.

### **Other Government Grants**

- 3.18 The grant allocations for 2013/14 have been included in appendix 5 with the 2012/13 allocations for comparison. Some grant allocations have not yet been announced and where these are critical to the setting of the 2013/14 budget forecasts have been included.

### ***New Homes Bonus***

- 3.19 The New Homes Bonus (NHB) is a funding incentive for local authorities largely to facilitate the creation of new homes in their area and bring empty homes back into use. The final funding allocation for the third tranche was announced in January 2013. It was based on two sets of data available to Government in October: increases in effective stock from council tax base returns and additional affordable homes from official statistics on affordable homes enhancements. The council will receive an additional £0.970m per annum for 6 years from 2013/14; of this £0.759m is from new properties, £0.191m from a reduction in long term empty properties and £0.020m from affordable homes delivered.
- 3.20 Given the size of the budget gap it is proposed that the third tranche allocation of £0.970m is used entirely to support the 2013/14 budget. The first 3 tranches will be generating approximately £2m per annum income for the council in 2013/14 and, assuming similar amounts for the next 3 tranches, approximately £4m per annum in 2016/17. The Government has funded NHB by top-slicing local authority funding and the loss of funding to Brighton & Hove by 2016/17 is estimated to be £10.8m per annum. The council is therefore a significant net loser of funding from the introduction of the NHB which is redistributing grant funding from low housing growth areas to high growth areas.

### **Fees and Charges**

- 3.21 Fees and charges budgets are assumed to increase each year by a standard inflation rate; 2% for 2013/14. The Council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the standard rate of inflation, statutory increases, or actual increases in the costs of providing the service as applicable. Non-statutory increases above the standard rate of inflation and/or changes to concessions or subsidies should be reported to and considered at the relevant service committee. Where appropriate, details of fees and charges changes for 2013/14 have been presented to the relevant service committee prior to Budget Council. In addition, an overarching review of fees and charges is undertaken to ensure there is no disproportionate or cumulative equality impact of proposed changes to fees and charges on vulnerable, minority or other groups. More information on fees & charges is given in the Budget Strategy appendix 3.

### **Council Tax Freeze Grant**

- 3.22 The council will continue to receive a grant of £3m per annum for 2013/14 and 2014/15 following the council tax freeze in 2011/12 whilst the council tax freeze grant of £3m for the 2012/13 council tax freeze ends. The provisional grant settlement includes a new council tax freeze grant for 2013/14 equivalent to a 1% increase in council tax for those councils who agreed to freeze their council tax in 2013/14. However, the grant will be calculated using the council tax base



before adjustments are made for the council tax reduction scheme and therefore the grant will be higher at about £1.2m. This funding will be for the two years 2013/14 and 2014/15.

- 3.23 It was also announced that council tax cannot be increased by more than 2% in 2013/14 without securing confirmation from a local referendum. All authorities must also be mindful of the impact of changes in levies and published 2012/13 notional amounts on the referendum trigger. Taking these on board and on the basis of the latest information available it is expected that the maximum increase for the council before a referendum is triggered will be 1.96%.
- 3.24 Full Council on 28 February 2013 will determine both the budget and council tax for 2013/14 but the resource forecasts shown in this report assume that council tax will increase by 1.96% next year. A decision to freeze the council tax in 2013/14 will therefore require approximately £0.8m additional recurrent savings to be identified and agreed for next year and further increase the savings needed in 2015/16 by £1.0m when the new council tax freeze grant ends.
- 3.25 The impact of implementing council tax freezes in 2011/12 and 2012/13 instead of the maximum allowable increase of 3.5% has reduced the potential resources available to the council in 2013/14 by about £4.3m.

#### Reserves

- 3.26 The review of reserves is included at appendix 6. Table 4 below shows the projected general reserves position to 31 March 2013 assuming spending is in line with the latest projections for 2012/13 shown in the TBM month 9 report.
- 3.27 The table includes the planned release of specific reserves to support the 2013/14 budget with allocations identified in paragraph 3.29.

<b>Table 4 - General Reserves</b>	<b>2012/13</b>
	<b>£ million</b>
<b>Unallocated general reserves at 1 April 2012</b>	<b>0.372</b>
Reserves already set aside to cover full year effect of 2013/14 savings by Policy & Resources Committee	0.750
Estimated receipt from recalculated former LACSEG	1.140
TBM Month 9 forecast underspend	4.513
Resources released through the review of reserves	6.064
One off government distribution of unallocated top-sliced New Homes Bonus	0.438
<b>Total Resources</b>	<b>13.277</b>
<b>Commitments</b>	
Fund part year effect of 2013/14 savings	-1.152
Increase restructure/redundancy reserve to support the Voluntary Severance Scheme	-1.200
One-off resources set aside for Wide Area Network (PSN) as agreed at Policy & Resources in November 2012.	-0.500

<b>Table 4 - General Reserves</b>	<b>2012/13</b>
	<b>£ million</b>
One off resources to cover potential increase cost of pension contributions following auto-enrolment	-0.800
Modernisation Fund to support the VFM programme	-1.200
<b>Balance of one-off resources</b>	<b>8.425</b>
<b>Allocations for 2013/14:</b>	
Risk provision for successful business rates appeals including refunds relating to periods before 1 April 2013	-5.270
One off resources to assist Pride to develop a new business plan	-0.025
Verge parking restriction pilot schemes	-0.125
Major examination in public Local Development Framework (LDF) core strategy	-0.150
Additional support for financial inclusion strategy	-0.300
Additional one off resources to support Council Tax Reduction discretionary fund	-0.100
One off revenue resources for ICT investment strategy	-1.000
Major roadworks permits	-0.100
Support to ensure a fully funded capital programme in 2013/14	-1.355
<b>Balance</b>	<b>0.000</b>

3.28 The table above includes the following commitments : -

- The budget proposals included in appendix 4 require one off resources of £1.152m because the lead-in times, primarily due to consultation requirements, mean that not all the proposed savings for 2013/14 can be delivered from 1 April 2013. This includes £0.5m to address the lead in time for the voluntary severance scheme.
- The voluntary severance scheme will support the reshaping and redesign of services as described in paragraph 3.54 and requires one off funding. It is therefore proposed to increase the resources in the restructure and redundancy reserve by £1.2m.
- £0.5m for the Wide Area Network as agreed at Policy & Resources in November 2012.
- The introduction of automatic enrolment of staff into the pension scheme will potentially increase the employers' contributions. It is planned to cover the extra cost in 2013/14 with one off resources and then manage any ongoing increase from 2014/15 alongside the outcome of the pension fund triennial review which is due in December 2013.
- The budget includes substantial savings from the Value for Money (VFM) programme. Delivery of these savings requires continued investment in the modernisation of council services through effective project management, business analysis and other expert support to secure their full financial benefits.

3.29 The allocations for 2013/14 are proposed for the following reasons:

- £5.270m to cover the short term reduction in 2013/14 of resources generated through the Business Rates Retention scheme. These resources are required on a one off basis as the council is making full provision for the estimated future successful rating appeals in 2013/14.
- £0.025m to provide Pride with the lead-in time necessary to develop a new financially sustainable business model.
- £0.125m to support verge parking restriction pilot schemes.
- £0.150m to support the one-off costs of the Major Examination in Public of the Local Development Framework.
- £0.300m to provide additional support to financial advice providers across the city who are managing increased demand due to welfare reform changes whilst managing reductions in government support.
- £0.100m to provide additional one off resources for the council tax reduction discretionary fund. This is in addition to the £0.200m recurrent funding shown in paragraph 3.37.
- £1.000m to support the modernisation of ICT across the authority in line with the ICT investment strategy. These revenue funds are required alongside the planned increased investment over the next 3 years in the capital programme.
- £0.100m for the Roadwork Permit Scheme agreed at Policy and Resources in January 2013.
- £1.355m to support the capital investment programme.

### **Expenditure Estimates**

#### ***Latest position in 2012/13***

3.30 Month 9 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected under-spending of £4.213m on council controlled budgets and an estimated £0.3m share of the projected under-spending of NHS controlled s75 services. The overall underspend is a significant improvement since month 7 was presented to Policy and Resources. This is mainly driven by improvements to the spending forecasts for children services and adults social care.

### **2012/13 Adjusted Base Budget**

#### ***Internal Transfers and Other Adjustments***

3.31 Internal transfers relate to changes in responsibility between services and corporate budgets and in 2012/13 the main transfers consist of realignment of responsibilities within children's services, adult social services and the transfer of the strategic leadership board costs to service areas reflecting the council's new management structure.

## 2013/14 Budget

### *Analysis of Budget Changes between 2012/13 and 2013/14*

3.32 The following table shows how the budget has changed since 2012/13.

<b>Table 5: Analysis of budget changes</b>	<b>£ million</b>
<b>Revised 2012/13 base budget</b>	<b>222.9</b>
Function and funding changes	12.0
<b>Adjusted 2012/13 base budget</b>	<b>234.9</b>
Pay and Inflation	4.5
Risk provision	1.5
Commitments & Reinvestment	3.4
Demographic and cost service pressures	7.8
Full year effect of 2012/13 savings	-1.0
Savings package 2013/14 (Full year effect £17.2m)	-15.8
Change in use of reserves	-7.2
<b>Proposed Budget 2013/14</b>	<b>228.1</b>

3.33 Appendix 1 shows a detailed breakdown of the proposed budgets and budget changes for each service.

### *Pay and general inflation assumptions*

3.34 The budget for 2013/14 assumes a 1% pay award. A further provision of £1.6m for pay related matters is held in contingency. In addition £0.8m one off resources have been set aside for the potential increase in employer pension contributions as a result of the implementation of new legislation for auto enrolment of employees to the pension scheme and the new right for casual staff to join the pension scheme.

3.35 The provision for general inflation for both income and expenditure is 2% per annum. In some areas of expenditure for example electricity and gas, the council will see greater increases, similarly certain income budgets cannot sustain standard inflation increases and therefore service pressure funding has been allocated to ensure budgets are sustainable.

### *Risk Provisions included in the 2013/14 budget*

3.36 £1.5m recurrent risk provision has been set aside in contingency. This is an increase of £0.5m compared with the November budget report and is in response to significant uncertainty about Business Rate Retention forecasts.

## **Commitments and Reinvestment**

- 3.37 Details of the commitments and reinvestment in services in addition to the one off allocations from reserves of £0.880m are shown below.
- £0.030m recurrent contribution to the Local Enterprise Partnership (LEP).
  - £0.200m recurrently for the Council Tax Reduction scheme discretionary fund.
  - £0.250m recurrently for Section 13A Council Tax discretionary discounts as part of the new discounts and exemptions for 2013/14 onwards.
  - £0.200m recurrently to support council tax debt collection.
  - £0.300m one off resources to augment discretionary funds such as the Discretionary Housing Payments and the proposed Local Discretionary Social Fund and Children's Services Section 17 budget to moderate the initial impact of welfare reforms (funded from CLG Council Tax Reduction Transitional Grant).

## ***Investment in Preventative Services***

- 3.38 Investment in preventative services has been protected as far as possible recognising that to withdraw investment is likely to lead to greater medium and longer term costs. This includes no reductions in support for carers; no changes to eligibility criteria across social care; minimal reductions in spend from the preventing homelessness grant; and carefully managed efficiency savings across other areas including Supporting People, and Children's and Adults Social Care (via the VFM programmes). The investment in support for the Stronger Families, Stronger Communities initiative and opportunities to develop closer working with Public Health services will also support innovation across preventative services.
- 3.39 As set out earlier in this report, the council has seen a net reduction in funding for the Early Intervention Grant of £2.7m. However only £0.8m of savings have been proposed from this area. This means that additional savings of £1.9m have been found from across the council in order to provide this very substantial level of protection.
- 3.40 Additional funding from the Department of Health for Adult Social Care has been used partly to protect existing eligibility criteria which otherwise might have had to change. A further £0.75m will be subject to joint plans with Health to ensure ongoing joined up investment in preventative services that will secure long term financial benefits to the council.

## ***Service Pressures***

- 3.41 The budget estimates for priority service pressures have been reviewed since November and the proposed allocations for demographic growth and other service pressures are £7.8m. The most substantial change relates to a £2.7m reduction in funding from Early Intervention Grant. The current trends on the council's corporate critical budgets have been taken into account in determining levels of service pressure funding. The detailed allocation of Service Pressures funding is set out in the Budget Strategy appendix 3.

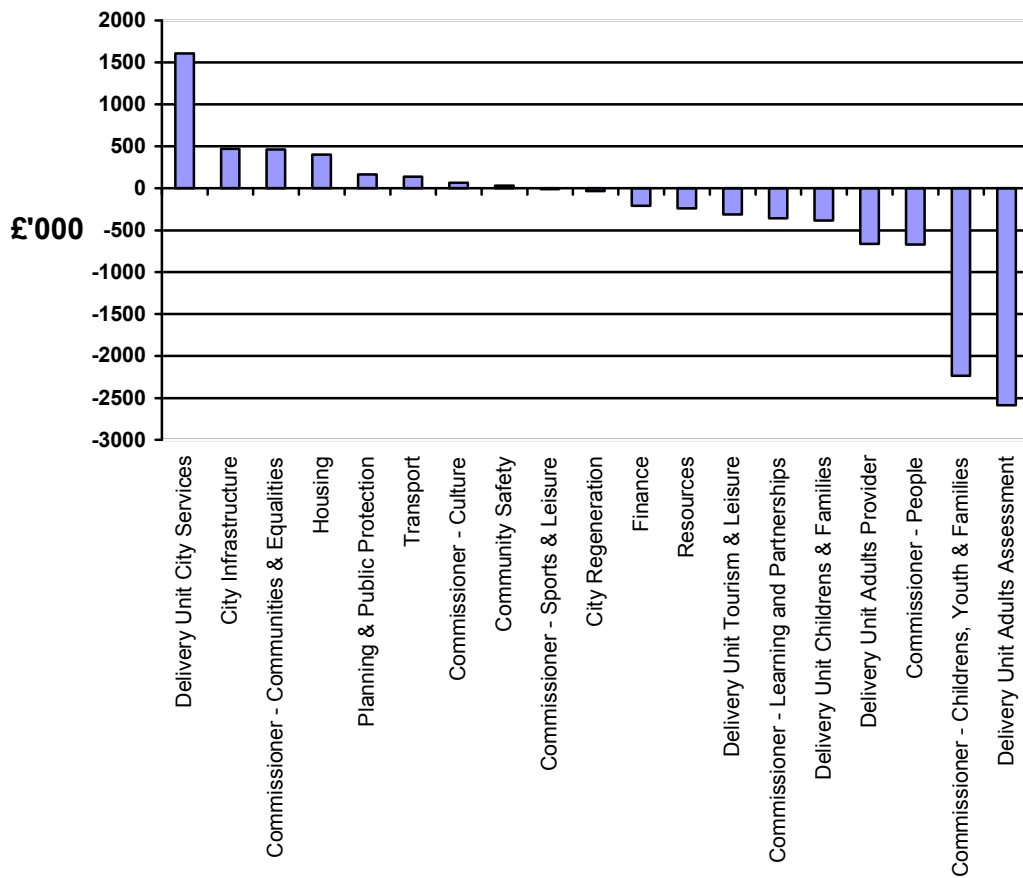
## **Budget Principles and Priorities**

- 3.42 The budget principles applied to the budget strategy for 2013/14 have been designed to support the council's Corporate Plan priorities as far as possible within resource constraints, including:
- to prioritise services and resources, through service pressure funding, for the young, elderly and vulnerable to continue to tackle inequality;
  - to provide resources to enable a fair and low income council tax reduction scheme that has taken full account of equalities considerations alongside resources to support financial inclusion, discretionary funds and a Local Discretionary Social Fund;
  - to promote efficient use of public money and sustainable use of resources through support for key programmes e.g. Value for Money projects;
  - to continue to support partnership working with public, private and third sector organisations to ensure effective engagement of people and partnerships across the city.
- 3.43 The budget report for 2012/13 included proposed savings for 2013/14 and these provided a clear starting point for the development of the overall budget package. These savings have been reviewed and revised where appropriate and relevant consultation on planned service changes undertaken. The savings proposals are included at appendix 4.

## **Saving Proposals and Budget reductions**

- 3.44 Revisions to the budget assumptions have resulted in changes to the savings targets for 2013/14. The 2013/14 target has moved from £19.85m reported to November Policy & Resources to £17.17m. A summary of the changes made to the budget proposals since November is given in appendix 2. In November £1.9m of that original target was still to be identified.
- 3.45 The Budget Strategies and Savings proposals for each main budget area are included in appendix 4. The chart below shows the cash change in each service area excluding one off allocations between 2012/13 and 2013/14 based on the proposals set out in this report. The increase in the Delivery Unit City Services includes the transfer of the Local Discretionary Social Fund and various changes to other discretionary funds. The reductions in Children's and Adults services broadly reflect the current underspends at TBM 9. There have been a number of changes to the savings proposals published in November. These are set out in appendix 2.

### £'000 Change in Budget 2012/13 to 2013/14



### Value for Money

- 3.46 The council's Value for Money approach has successfully promoted and embedded a value for money culture across all services and has delivered very substantial financial gains as well as non-financial benefits. The approach includes significant modernisation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT to reductions in management and administration costs.
- 3.47 In the current financial year the VFM Programme is expected to achieve approx £10.003m against an original target of £6.933m. Children's Services are expected to exceed their target by over £3.300m due to their approach on focussing on prevention and strengthening processes. Adult Services have also exceeded their target through continued focus on reablement and personalisation. For the 4-year period including 2013/14, the VFM Programme is set to exceed the original annual savings target of £27.989m by £2.462m and will have achieved total cumulative cash savings of £56.954m. This includes VFM savings of £10.815m planned for 2013/14. More information about the VFM Programme is provided in Appendix 3.

## Scrutiny

- 3.48 The Overview and Scrutiny Commission (OSC) and individual scrutiny panels reviewed the proposals contained in the 29 November 2012 Policy & Resources Committee report. There was participation and detailed feedback from the Community & Voluntary Sector Forum (CVSF) as part of this process. In addition this year, representation from the business community was invited and a member of the Chamber of Commerce attended the panel meetings.
- 3.49 The OSC meeting on 28 January 2012 received a report on the findings of the scrutiny panels, including a statement from the CVSF which was appended to the report. The minutes of the OSC meeting are included at appendix 14. The scrutiny report outlined some of the themes and issues that emerged from the discussions including:
- Continued support for the early publication of the budget proposals and the greater opportunities this provided to review and discuss proposals.
  - A common view that the budget setting process and the scrutiny process itself need to be reconsidered in the light of challenging future financial projections. In particular, understanding the totality of the budget and focusing on the comparative costs of services, rather than purely reviewing areas highlighted for investment or saving, is seen as increasingly important to the process.
  - General support for programmes such as Value for Money (VFM), for example the Workstyles VFM Programme, and recognition of the significant and vital savings these programmes can deliver.
  - Some concerns about Central Support Services, in particular getting the balance right to ensure they are not reduced to the point where they cannot help the organisation to deliver greater savings elsewhere e.g. through VFM programmes.
  - Agreement that new ways of delivering services need to be explored more widely.
  - A desire to understand the details of the Dedicated Schools Grant and the impact of proposals on Schools. Similarly, the Schools Forum meeting on 28 January 2013 were given information on the potential implications of the council's General Fund proposals for them.
  - Approval of the inclusion of Equality Impact Assessment (EIA) screening documents which were considered to have improved on previous years and were seen as a positive and useful process. However, the level of detail in EIAs was considered variable and could be improved upon further in some areas.
- 3.50 In response to these findings the OSC report makes a number of recommendations which are addressed in appendix 14. The Committee is asked to agree the proposed responses to the scrutiny recommendations.



## **Staffing Implications**

- 3.51 The staffing budget for 2013/14 includes funding for a £7.45 per hour living wage, the implementation of which was approved by Policy & Resources Committee on the 29 November 2012.
- 3.52 It is estimated that in 2013/14 an estimated 50 posts may be removed from the council's staffing structure as a result of the savings proposals set out in appendix 4 and a further 110 full time equivalent posts through the voluntary severance scheme. However actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. Some of these are already vacant and some will become vacant through normal turnover. Based on previous years' experience this is likely to account for at least half of the posts lost. As in previous years it is planned to minimise the number of staff at risk of redundancy through:
- Controlling recruitment and only making permanent appointments in exceptional circumstances and when all other alternatives have been exhausted;
  - Holding any vacancies available internally to increase the opportunities for re-deployment;
  - Minimise the use of interim or consultant appointments;
  - Limiting the use of temporary or agency resources.
- 3.53 These measures will continue as we work with trades unions and colleagues on the detailed staffing implications.
- 3.54 With regard to the Voluntary Severance Scheme, the positives and learning points from the previous scheme have been reviewed to help define the scope and management of the new scheme. The focus of the scheme is on helping to accelerate and improve value for money across services through reshaping and redesigning services. The level of applications received for VSS are broadly in line with the numbers required to deliver the savings, after adjusting for anticipated withdrawal rates (based on previous experience) and the estimated proportion of applications which are likely to be rejected on service or financial grounds and those where only partial savings may be achievable.

## **Annual Minimum Revenue Provision (MRP) Statement and Prudential Indicators**

- 3.55 The council is required by law to prepare an annual statement on the amount of debt that will be repaid in the following year. The statement for 2013/14 is set out in appendix 9.
- 3.56 The prudential capital finance system introduced in 2004 requires the council to set a number of indicators for affordability, prudence and sustainability. The recommended indicators are set out in appendix 10. Members should note the indicator for the authorised limit is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.

## **Corporate Budgets**

- 3.57 The council budget contains a number of corporate budgets that are monitored and controlled centrally. Details of the main corporate budgets – concessionary fares, insurance, financing costs and contingency are set out in the following sections.

### ***Concessionary Fares***

- 3.58 The overall budget for reimbursing local bus operators for the cost of free travel for pensioners and the disabled is forecast to increase by 4.6% to £10.1m next year. The main reasons for the increase are: a) an increase of 2.9% in line with the retail price inflation index excluding mortgage payments on the fixed deals with Brighton & Hove Bus Company and Stagecoach South; and b) an increase of just over 2% due to new operators taking over subsidised routes previously covered under the fixed deal and changes to the commercial bus network by Metrobus which has increased the forecast number of concessionary trips based on the travel patterns experienced so far this year.
- 3.59 These cost increases have been partly offset by savings of £0.021m in the administration costs of operating the scheme following a contract retendering exercise carried out at the end of 2012. Analysis in the current year also shows that the fixed deals have generated significant savings for the council compared with the costs that would have been incurred had the council adopted the Department of Transport model for reimbursing bus operators for free travel.

### ***Insurance***

- 3.60 The insurance budget of £3.2m for 2013/14 has decreased by 6.8% and represents both the estimated cost of insurance premia and the net cost of meeting successful claims against the council paid during the year. The council is currently retendering the bulk of its insurance cover and expects to make £0.3m savings in the forecast cost of the premia although this will remain uncertain until the exercise is completed in March.
- 3.61 Through the retendering process officers have reviewed and tested the value for money offered by different types of insurance and the extent of existing cover and are analysing the responses from tenderers. However, there is limited scope for further changes because most areas have been reviewed before and there are very few new developments in the local authority insurance market. Risk management activity across the council has meant that the overall value and level of successful claims against the council has been kept largely under control despite the increasing claims culture within the country as a whole.

### ***Financing Costs***

- 3.62 The financing costs budget reflects the cost of financing the council's capital investment plans. The council has a fully funded capital programme in 2013/14 depending on the achievement of certain capital receipts and the costs of funding the programme are provided for in both the general fund and housing revenue account revenue budgets.

3.63 The financing costs budget for 2013/14 is estimated to be £9.7m, an increase of 9.7% on the current year. This is largely due to 3 changes: a) a transfer of £0.3m from contingency to cover the council's share of the financing costs of The Keep, the new historic records office due to open in the summer; b) as reported during the year in the budget monitoring to Policy & Resources Committee, the under spend on the 2011/12 HRA capital programme caused the anticipated saving in the level of financing costs falling on the General Fund to reduce from £0.4m to £0.1m when the new national Housing Finance system was introduced on 1 April 2012; and c) provision of £0.25m has now been made for a permanent reduction in investment interest as it is now forecast that the historically low investment rates will exist for the foreseeable future.

### **Contingency**

3.64 The council's contingency budget includes provision for costs which are likely to occur but for which the estimated cost cannot be adequately foreseen at this stage, for example for pay. It also includes risk provisions and other resources awaiting transfer to services. The proposed contingency for 2013/14 is £5.98m as detailed in table 6.

<b>Table 6: Contingency</b>	<b>£ million</b>
Corporate risk provision	1.50
Risk provision for pay related matters	1.60
Modernisation fund to support the VFM programme	1.07
One off funding for additional costs in 2013/14 of auto enrolment into the pension scheme	0.80
Brighton & Hove share of the increased cost of the historic records service	0.12
One off resources to augment the Welfare Reform related Discretionary Funds	0.30
Council tax reduction grant for Parish/Garden Committees	0.01
New burdens funding where impact on service needs to be assessed	0.21
Resources to cover the impact of awaited government announcements	0.10
Service Pressure funding for electricity and gas	0.27
<b>Total Contingency</b>	<b>5.98</b>

### **Change in use of reserves**

3.65 The budget strategy for 2013/14 draws on reserves to provide a provision for rating appeals; temporary funding to cover the part year effect of the savings package; investment in the delivery of savings for future years, and the potential cost of auto enrolment into the pension scheme during 2013/14.

## **4. COUNCIL TAX**

- 4.1 Decisions on the council tax reduction scheme and changes to council tax discounts and exemptions were agreed at the December meeting of Full Council. Those decisions were reflected in the council tax base for 2013/14 agreed by Policy & Resources in January which has been used to calculate the council tax for next year.
- 4.2 The proposed increase of 1.96% in the council tax results in a band D council tax for the city council element of the council tax of £1,287.00 an increase of £24.80 on this year which could be subject to minor variation depending on the final guidance from CLG on the maximum increase allowable before a referendum is triggered.
- 4.3 In order to propose an overall council tax for the city the council taxes of the precepting authorities need to be known. The Police and Crime Commissioner for Sussex has agreed a council tax freeze with the band D council tax remaining at £138.42 for 2013/14. East Sussex Fire Authority was due to set their 2013/14 Band D council tax on the 7 February 2013. The budget for Rottingdean Parish agreed on 7 January 2013 will result in a council tax increase of £5.58 at band D or 24% on their element of the council tax for residents of Rottingdean.

### ***Council Tax Referendum***

- 4.4 For the reasons set out in paragraph 3.23 a council tax referendum will be triggered if the council agrees a tax increase of more than 1.96% for next year after adjusting for changes in levies. This figure cannot be finalised until the council receives final guidance from CLG and formal notification of the Environment Agency levy.

### ***Supplementary Budget report to Budget Council***

- 4.5 Not all the budget and council tax information is available at present therefore additional information will be provided for Budget Council. This will include:-
- Any other grants that are announced before Budget Council such as Education Services Grant and the Small Business Rate Relief grant.
  - The Education Capital grant allocations if announced, and any impact this has on the revenue budget.
  - The Environment Agency Levy figure agreed for 2013/14.
  - The agreed council tax set by East Sussex Fire Authority.
  - The statutory council tax calculations required under the 1992 Local Government Finance Act.
  - The full budget and council tax resolution for Budget Council.

## **5. MEDIUM TERM FINANCIAL STRATEGY AND RISK ASSESSMENT**

- 5.1 The Medium Term Financial Strategy (MTFS) set out in appendix 7 shows the revised resources and spending projections for 2013/14 to 2018/19. The financial projections show that savings of about £120m are forecast to be needed over the 6 year period.
- 5.2 All the projections are based on the best information currently available. However, in the current financial climate and with 2013/14 being the first year with the local resource review being implemented by the Government there are many uncertainties. The risk assessment set out in appendix 8 explains in more detail the uncertainties facing the budget.

## **6. REPORT OF THE CHIEF FINANCE (SECTION 151) OFFICER UNDER SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003**

- 6.1 Section 25 of the Local Government Act 2003 requires the Chief Finance (Section 151) Officer of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by Policy & Resources Committee and the full Council as part of the budget approval and council tax setting process. The budget reports on this agenda are focused on the General Fund Revenue Budget 2013/14 and the Capital Programme. It also considers key medium term issues faced by the council.

### ***Robustness of Estimates***

- 6.2 There is inevitably an element of judgement as budget estimates of spending and income are made at a point in time and may change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee about the budget but gives the council reasonable assurance that the budget has been based on the best information and assumptions available at the time.
- 6.3 In setting the budget for 2013/14, current expenditure trends and service demands have been considered by the Directors and Corporate Management Team. The budget for 2013/14 has therefore been set on the basis of the trends in the TBM 9 report and further projections of future demand and cost. The current cost and activity trends on the key corporate critical budgets are in general favourable. The child agency placements budget and the adults community care budget are rigorously monitored and actions to manage demand and cost more effectively through the VFM programme continue to have a positive impact. Additional service pressure funding has been provided for potential rises in homelessness but this remains a key risk area.
- 6.4 The council has demonstrated its ability to deliver a very challenging savings programme in 2012/13. The successful VFM programme has been underpinned by substantial investment particularly in project management capacity to underpin its delivery and ensure a particular focus on tracking cashable savings. For this reason there is additional one off investment included in this budget package for the implementation of VFM over the next two years. Without this investment it is considered that the planned level of VFM savings will not be achievable.

- 6.5 A recurrent risk provision of £1.5m is included in the budget to guard against any risks not known at budget setting time including risks associated with the successful implementation of the wide-ranging savings package. This is £0.5m higher than originally proposed in November and than in 2012/13 and reflects the latest analysis of the business rates retention forecasts and the uncertainties inherent in the new system. Unlike last year there is however no one-off risk provision set aside. This is considered acceptable on the basis of the continued track record in managing within budget without recourse to all of the risk provisions in year and the greater recurrent risk provision.

### ***Adequacy of Reserves***

- 6.6 The recommendation on the prudent level of General Fund working balance has been based on the robustness of estimates information and a risk assessment of the budget.
- 6.7 The analysis indicates a continuation of an underlying prudent level of working balance of £9m (excluding school balances). This represents 3.9% of the council's net revenue budget excluding schools. There is undoubtedly greater financial risk in the new business rates retention system than in the previous funding model. Therefore there could be a case for increasing the level of working balance. However we are mindful of the need to keep reserves as low as possible and therefore for this first year it will remain at £9m and we will form a view for future years having seen the new system in operation.
- 6.8 All specific reserves have been reviewed in detail to ensure that they are set at an appropriate level. This is set out in appendix 5. Many of the council's earmarked reserves fulfil a specific legal or financial requirement, for example the Insurance Reserve. A significant reduction in the Waste PFI reserve has been made in order to release essential one off resources for business rates refunds.

### ***Assurance Statement of the Council's Section 151 Officer***

- 6.9 In relation to the 2013/14 general fund revenue budget the Section 151 officer has examined the budget proposals and believes that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given political and management will to implement the changes, good management, and the sound monitoring of performance and budgets. The track record of the council in successfully delivering a larger saving package in 2012/13 also provides assurance. The council also has a good record of managing other potential financial risks that arise from time to time which provide assurance that it can proactively manage risks such as external legal challenges, capital cost variances and treasury management risks.
- 6.10 In terms of the adequacy of reserves, the Section 151 officer considers a working balance of £9m to be adequate taking into account other reserves, the risk provisions and the council's track record in budget management.

## **7. COMMUNITY ENGAGEMENT AND CONSULTATION**

7.1 The results of the engagement and consultation exercises are shown in appendix 13. In addition further meetings were held with the Older People's Council, representatives of Business Ratepayers, the Community & Voluntary Sector Forum and the Schools Forum.

7.2 In addition to the formal consultation there have been a range of engagement events designed to facilitate understanding of the council's overall budget position and obtain general feedback on proposals. These included:

- The Schools Forum where discussions included how schools can contribute to the prevention agenda to help manage children's social care costs and questions about how the Voluntary Severance Scheme might have an impact on core services provided by the Council to schools and how this would be communicated.
- The Older People's Council where a range of technical questions about the council's funding position were explored, positive feedback given on the personalisation agenda actions to improve community resilience and questions raised about the quality and continuity of homecare provision.
- An event for Business Ratepayers representatives which provided the opportunity to explain in more detail how the new business rates retention system would operate and the policy and funding dilemmas this presented for the city. There was positive feedback on the additional funding for discretionary discounts for business ratepayers.
- Presentations on the overall budget and the scrutiny process to the Community & Voluntary Sector Forum with question and answer sessions to inform their formal consultation response to scrutiny.
- Budget roundtable meetings involving all political parties, the CVSF, the Chair of the Economic Partnership and Trades Unions.
- Departmental Consultative Groups (DCGs) which provided an opportunity for further consultation with Trades Unions.

7.3 The consultation and engagement activity influenced the original budget proposals published in November. Some of the changes proposed in this report and summarised in appendix 14 flow from further feedback since the proposals was published including from the scrutiny process. These include:

- Changes to parking charges as agreed by Transport Committee in January.
- Additional one-off and recurrent resources for the council tax reduction discretionary fund.
- Removal of the stretch staffing saving in Revenues and Benefits due to the need to sustain this service at a time of significant change from national reforms.
- Removal of the saving from cricket subsidies.
- Funding to support the Coast 2 Capital Local Economic Partnership (LEP).

- Further investment in preventative services across Adult Social Care and Health.
- Protection of Early Intervention Grant funded services despite a further loss in government grant.

## 8. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 8.1 These are contained within the main body of the report.

*Finance Officer Consulted: Mark Ireland*

*Date: 6 February 2013*

### Legal Implications:

- 8.2 One of the roles of Policy & Resources Committee is to formulate budget proposals for adoption by the council. Power to adopt the budget is vested in Full Council alone.
- 8.3 For these purposes, the “budget” includes the allocation of financial resources to different services and projects, proposed contingency funds, and setting the council tax.

*Lawyer Consulted: Oliver Dixon*

*Date: 6 February 2013*

### Equalities Implications:

- 8.4 The process for assessing the equalities implications of the budget changes for 2013/14 and an assessment of the cumulative impact is shown in appendix 11. All screening documents are available on line and in the Members rooms.

### Sustainability Implications:

- 8.5 A carbon budget has been set for 2013/14. This shows the level of spend on energy and the estimated carbon emissions across each service area and includes a planned 4% reduction. This modest target will be challenging to meet on the basis of the current approach to carbon management.
- 8.6 Carbon budgets provide the organisation with a layer of accountability for reducing carbon emissions from our buildings, street lights, fleet and the way we travel for work. They were first introduced in 2012/13 and supported by actions plans that set out how carbon budgets are to be achieved. The council spends around £9m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver services to residents. With rising energy and fuel prices and annual Carbon Reduction Commitment allowance purchasing the business case for reducing carbon emissions is clear. The impact of 37,000 tonnes of carbon dioxide released into the atmosphere each year contributes to our changing climate, which is widely recognised as the major environmental problem facing our planet.



- 8.7 To make significant savings in carbon emissions a different approach is required and the One Planet Zero Carbon approach provides a fresh focus to carbon management. The 2013/14 carbon budget has an additional feature following the first carbon budget set for 2012/13. 10 buildings from across the council portfolio have been prioritised to each reduce their emissions by 4% over the next year, this will allow for real focus on the opportunities for reducing emissions. £60,000 has been allocated during 2012/13 for undertaking detailed energy surveys in our buildings and this will be the initial starting point for understanding what we can achieve. In addition there will be long term investment in more energy efficient street lighting funded from Local Transport Plan resources. There will be a clear focus placed on reducing carbon emissions from buildings through the acceleration of the Workstyles programme reducing both the total number of buildings occupied by the council and also ensuring improved energy efficiency in the retained buildings.
- 8.8 The Council's 2011/12 Carbon Reduction Commitment footprint accounted for 23,727 tonnes of CO<sup>2</sup> from council buildings for which the council purchased £0.284m worth of CRC allowances at £12 per tonne.
- 8.9 The Council's carbon budget update is detailed in appendix 12 which profiles spending and CO<sup>2</sup> carbon footprint for 2011/12 across the council. The projected carbon budget for 2012/13 and 2013/14 are also reported within appendix 12. Performance against the 2012/13 carbon budget will be calculated in July 2013.

Crime & Disorder Implications:

- 8.10 The budget proposals are not expected to have significant adverse consequences on crime and disorder. The council will need to work with the newly elected Police and Crime Commissioner to ensure funds continue to be invested appropriately across the city.

Risk and Opportunity Management Implications:

- 8.11 A risk matrix is included at appendix 8. There is further information on the robustness of estimates and adequacy of reserves at paragraphs 6.2 and 6.6.

Public Health Implications:

- 8.12 From 1 April 2013, public health functions are due to transfer to local authorities. This is set out in paragraph 3.13. There will be significant future opportunities to develop services and potentially deliver savings through the integration of this budget into the overall budget for the council.

Corporate / Citywide Implications:

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

**9. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 9.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 28 February. Budget Council

has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals. All budget amendments must have been “signed off” by finance officers no later than 12 noon on Monday 25<sup>th</sup> February.

**10. REASONS FOR REPORT RECOMMENDATIONS:**

- 10.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. The recommendations to Budget Council contained within this report together with the recommendations to follow in the supplementary report to full Council, will enable the council to meet its statutory duty.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Movements in Block Allocations 2012/13 to 2013/14
2. Changes in the budget projections since the 29<sup>th</sup> November 2012 budget report to Policy & Resources Committee
3. General Fund Budget Strategy
4. Budget Strategy for each main budget area and detailed savings proposals 2013/14
5. Summary of special and specific grant allocations for 2012/13 and 2013/14
6. Review of the Council's reserves including the planned use of reserves
7. Summary of the Medium Term Financial Strategy 2013/14 to 2018/19
8. Assessment of Risks
9. Minimum Revenue Provisions statements
10. Prudential Indicators 2013/14 to 2015/16
11. Equalities Impact Assessment – Cumulative impact
12. Carbon Budget for 2013/14
13. Summary report Budget Consultation
14. Minutes of the Overview and Scrutiny Committee and the recommended response

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

1. Equality Impact Assessments

### **Background Documents**

1. Budget files held within Financial Services and Strategic Finance.
2. Consultation papers