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**Meeting:** Executive

**Date:** 8 January 2013

**Subject:** Draft Budget 2013/14 and Medium Term Financial Plan 2013 to 2017

**Report of:** Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources

**Summary:** The report proposes the draft Budget for 2013/14 and updates the Medium Term Financial Plan as previously approved by Council in February 2012.

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**Advising Officer:** Charles Warboys, Chief Finance Officer and Section 151 Officer

**Contact Officer:** Charles Warboys, Chief Finance Officer and Section 151 Officer

**Public/Exempt:** Public

**Wards Affected:** All

**Function of:** Executive

**Key Decision** No

**Reason for urgency/ exemption from call-in (if appropriate)** Not applicable

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

Decisions on the Budget and the Medium Term Financial Plan need to be taken in the context of the Council's priorities (set out in paragraph 12 below).

### **Financial:**

The financial implications of the Budget and Medium Term Financial Plan are set out in the report.

### **Legal:**

The Local Government Finance Act 1992 stipulates that the Council must set an amount of council tax payable for the financial year 2012/13 by 11 March 2013. Before calculating the level of council tax payable, the Council must consult representatives of non-domestic ratepayers in its area.

The Council's Constitution requires the Executive to publish a timetable for making proposals to the Council in respect of the budget.

There are statutory requirements in relation to consultation with employees and employee representatives. Where there are issues arising from budget proposals which require such consultation, the Council complies with these requirements.

**Risk Management:**

In considering the budget proposals, it is necessary to take account of the associated risks and in particular paragraph 41 below. The final budget report to Full Council in February will include a statutory section on the Section 151 Officer's assessment of the key risks to the Council.

**Staffing (including Trades Unions):**

Staffing implications are set out in the report and appendices.

**Equalities/Human Rights:**

Where appropriate, Equalities Impact Assessments will be carried out for proposals.

**Community Safety:**

Amendments to some budgets may have an impact on the delivery of community safety priorities in the future. Specific proposals will be subject to detailed review by officers.

**Sustainability:**

Key sustainability issues, such as climate change, represent opportunities for the Council to make efficiency savings by decreasing energy use and the total spend on energy. Failure to take action leaves the Council vulnerable to the impact of increasing energy prices.

**Overview and Scrutiny:**

Overview and Scrutiny Committees will consider the budget proposals in their January cycle of meetings.

**RECOMMENDATION:**

**1. that the Executive:**

**approves the draft budget proposals for 2013/14 as the basis for consultation with the Overview and Scrutiny Committees and other interested parties.**

<i>Reason for Recommendation:</i>	<i>To enable consultation on the draft Budget 2013/14 and Medium Term Financial Plan 2013-2017 prior to recommendations by the Executive to Full Council in February 2013</i>
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## **Executive Summary**

The Council approved the Medium Term Financial Plan (MTFP) for 2012/13 to 2015/16 in February 2012, following the Comprehensive Spending Review which announced substantial reductions in funding for local authorities. The MTFP has been updated and extended to 2016/17 and an initial draft budget for 2013/14 prepared reflecting further changes in funding and cost pressures and efficiencies, including building on those realised in 2012/13.

## **INTRODUCTION**

1. The MTFP is intended to set out a sustainable and affordable financial plan that addresses the Council's priorities over the next four years. It should provide for realistic levels of spending, not dependent upon the use of one-off reserves. It should provide for a prudent level of reserves for contingencies.
2. The Budget for 2013/14 sets out the Council's finances for 2013/14 and identifies the efficiencies required to produce a balanced budget in the light of the ongoing reduction in funding from Central Government and other pressures. £14.3 million of efficiencies are identified for 2013/14 to produce a balanced budget. A further £24.7 million of efficiencies are required over the subsequent three years to achieve the proposed MTFP.
3. The Capital Programme is not included within this budget report as it is subject to a separate report to Executive on this agenda. However, the revenue implications of the draft capital programme as set out in that report are reflected here.
4. A separate report in respect of the Housing Revenue Account is presented to this Executive.
5. Fees and Charges will be separately considered in forthcoming Overview and Scrutiny meetings before inclusion in the final budget report.
6. The report also sets out at paragraph 43, the proposed timetable for consideration of the budget and MTFP leading up to their approval at Council in February 2013.
7. This report presents the draft budget based on available information to date. However, at the time of writing, the Chancellor's Autumn Statement on 5 December had not yet been made and, as a consequence, the Local Government finance settlement was not available. The availability of this information may require substantial changes to the Budget Assumptions and this is discussed further in paragraph 19.

## BACKGROUND

8. The Medium Term Financial Plan (MTFP) has been updated against a background of significant challenges. In 2012 new legislation was introduced by the coalition that presaged significant changes to both the distribution and level of Local Authority Funding, including:
  - devolving responsibility for awarding Council Tax Benefit to local authorities, coupled with a 10% reduction in Council Tax Benefit funding from Central Government;
  - technical changes to Council Tax with the abolition of two classes of statutory exemption;
  - overhauling the system for redistributing National Non-Domestic Rates (NNDR), involving allowing direct retention by Local Authorities of a portion of collected Rates and altering the Formula Grant distribution quantum and methodology; and
  - rolling in previously distinct grants such as the Early Intervention Grant and the Learning Disabilities and Health Reform Grant into the Formula Grant mechanism.
9. There remains considerable uncertainty around some major grants such as Dedicated Schools Grant (DSG) and Local Authority Central Spend Equivalent Grant (LACSEG), which has again required estimates to be made.
10. The national and European economies remain in an uncertain state, with major concerns around the future of the euro currency and other European economies. The UK economy has been through a second bout of recession, but has returned some mild growth starting the second quarter of 2012/13. Some commentators are warning that this momentum in growth is unlikely to be sustained given the uncertainty over the economic outlook. Inflation has reduced from a peak of 5.2% (CPI) and 5.6% (RPI) in September 2011, to 2.7% (CPI) and 3.2% (RPI) in October 2012. Interest rates remain very low, with base rate fixed at 0.5%.

Against this unsettled background it is important that the Council establishes a level of reserves which allows it to withstand unanticipated financial impacts of future developments at a local and national level.

11. There are significant social and economic drivers of change within Central Bedfordshire across the medium term and beyond, particularly:
- demographic growth from 2012 - 2016, including a:
    - 5% increase in the population;
    - 16% increase in the over 75's population; and
    - 24% increase in the over 85's population
  - increased demand for Looked After Children; mainly in the light of the Baby Peter case;
  - schools moving to Academy status and out of local authority control; and
  - the transfer of public health responsibilities to local government in 2013.

Additionally, technological change is having a profound impact on the delivery and public access to services; this is reflected in the use of the internet and social media.

### **Council priorities**

12. The Council approved the following revised priorities in June 2012:
13. Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.

Improved educational attainment – promoting health and wellbeing, and protecting the vulnerable.

Better infrastructure – improved roads, broadband reach and transport.

Great universal services – bins, leisure and libraries.

Value for money – freezing council tax.

### **Economic Outlook**

- 14 (a) Inflation

As explained already, the national and European economies remain in an uncertain state, with major concerns around the future of the euro currency and European economies with economic problems.

UK inflation has started to fall from a high of more than 5% in 2011 although there was a small rise in October resulting in inflation of 3.2% (RPI) and 2.7% (CPI). Interest rates remain very low, with base rate fixed at 0.5% since March 2009.

15. (b) Quantitative Easing

The Bank of England announced a £50 billion extension to quantitative easing (QE) in July. The Monetary Policy Committee met in November and decided against a further round of QE.

16. (c) Economic Growth and Unemployment

The Bank's Quarterly Inflation Report for August was a continuation of its previous bleak outlook for economic growth, noting that growth was likely to remain muted in the near term and that credit growth was weak. The unemployment rate for July - September 2012 was 7.8%, down 0.2% from April to June 2012. There were 2.51 million unemployed people, down 50,000 from April to June 2012.

### Budget Objectives

17. The principal objectives of the 2013/14 Budget have been:

- to produce a sustainable plan which allows Council priorities to be delivered;
- realistic spending year on year not dependent on reserves;
- reserves increased to and then maintained at, or above, an agreed level which reflects the risks faced by the Council;
- zero Council Tax increases over the MTFP period;
- cuts to front line services to be avoided; and
- commitment to efficiency as a means of delivering savings.

### Medium Term Financial Plan

18. Formula Grant funding within the revised MTFP over the three years 2013/14 – 2015/16 reflects the amounts presented in the MTFP to Council in February 2012 as modified by the changes to funding principles noted above and is shown below at Table 1, which is extended to include 2016/17.

**Table 1**

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Formula Grant, including Retained Business Rates	54.4 <sup>1</sup>	51.9	50.5	50.5
Council Tax Freeze Grant 2010	3.2	3.2	-	-
Council Tax Freeze Grant 2011	-	-	-	-
Council Tax Freeze Grant 2012	1.3	1.3	-	-
<b>Total Funding</b>	<b>59.2</b>	<b>55.9</b>	<b>50.0</b>	<b>50.5</b>
Council Tax revenue	116.9 <sup>1</sup>	116.9	117.6	118.9
<b>Total Income</b>	<b>175.8</b>	<b>173.3</b>	<b>168.1</b>	<b>169.4</b>

Note 1: There is an increase in Formula Grant compared to 2012/13 and a corresponding decrease in Council Tax due to the effects of Council Tax Support as discussed in paragraph 22.

19. However, it should be noted that although following CSR10 the Government initially specified Formula Grant up to 2014/15 it is widely anticipated that the Chancellor's Autumn Statement on 5 December will review all years from 2013/14 onwards. All amounts above therefore represent estimates based on latest available information and it is possible that there will be significant changes to these figures.
20. Funding assumptions include the Council Tax Freeze Grant announced in November 2010, which lasts for the period of the CSR10 (i.e. to 2014/15), but current plans see this being removed in 2015/16. In addition there are one-off Council Tax Freeze Grants for each of the years 2013/14 and 2014/15 which were announced in October 2012. There is no assumed increase in the Council Tax rate during the MTFP period but the tax base is assumed to grow by 0.65% each year.
21. The key elements of the draft MTFP for 2013/14 to 2016/17 are shown at Appendix A. Table 2 below shows a summary of this plan.

**Table 2**

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Total Income	(175.8)	(173.3)	(168.1)	(169.4)
Total Planned Spend	190.1	183.2	179.2	173.2
Efficiencies identified	(14.3)	(9.8)	(7.2)	(2.4)
Efficiencies to be identified	-	(0.1)	(3.9)	(1.4)
<b>Net Balance</b>	-	-	-	-

22. The impact of the localisation of Council Tax Support (CTS) is that Council Tax revenues have reduced by 10.3%, based on the draft Scheme, approved by Executive in August 2012, although this is partly offset by additional income of 1.4% as a result of increases to the taxbase and other changes. Central Government have also announced plans for a Council Tax Support Grant to further offset the Council Tax reduction, but the value of this grant was not confirmed at the time of writing. Full details of the proposed CTS scheme are discussed as a separate Agenda item.
23. In previous years local councils have received funding through the Formula Grant that is determined using a number of factors to establish local resourcing needs. This has been largely funded by a redistribution of NNDR (commonly known as Business Rates). From 2013/14 onwards this mechanism has been radically altered. Councils can now directly retain a portion of collected Business Rates with the remaining portion going back to central Government towards a national redistribution. The amount of Business Rates retained locally is subject to a complicated system of tariffs / top-ups and levies / safety nets (designed to protect Councils from severe funding shortfalls). Although the Government have indicated that Councils will be able to retain 50% of any local growth over a given baseline, the tariff / top-up system means that the amount retained in practice may be somewhat lower.

24. In a further complication to the funding arrangements, several grants have been 'rolled up', or disaggregated from, the Formula Grant. The Early Invention Grant, Learning Disabilities and Health Reform Grant and the Homelessness Prevention Grant (together worth nearly £20m in 2012/13) will now be included within the settlement and not separately identified, while LACSEG has been disaggregated and is likely to be substantially reduced from the 2012/13 implied value of £6.3m.
25. There are a number of significant changes that are likely to have an impact upon the Council's finances in the medium term that are currently unquantifiable:
26. a) Welfare Reform

The Welfare Reform Bill was introduced in Parliament in February 2011 and the Act received Royal Assent in March 2012. The Act means significant changes to the welfare system. It provides for the introduction of a 'Universal Credit' to replace an existing range of means-tested benefits and tax credits for people of working age, starting from 2013. The current proposal is to include Housing Benefit but not Council Tax Benefit. The Act follows the November 2010 White Paper, 'Universal Credit: Welfare That Works' that set out the government's proposals for reforming welfare to improve work incentives, simplify the benefits system and tackle administrative complexity.

In addition to introducing Universal Credit and related measures, the Act makes other significant changes to the benefits system. These include:

- restriction of Housing Benefit entitlement for social housing tenants whose accommodation is larger than they need;
- up-rating of Local Housing Allowance rates by the Consumer Price Index; and
- capping of the total amount of benefit that can be paid.

A phased implementation is due to commence in October 2013. However, it is clear that this will have significant operational and resource implications for the Council but at this time these remain unquantifiable.

27. b) Localism Act 2011

Aside from the Housing Revenue Account self-financing proposals, there are other implications including:

- granting of a 'general power of competence' to provide councils with the legal power to do anything which is not specifically prohibited;
- new rights and powers for communities including 'community right of challenge' and 'community right to buy'; and
- planning system reforms including changes to the community infrastructure levy with a proportion going to neighbourhoods affected by the developments.

The full implementation of the provisions of the Act may have significant service implications and hence budgetary implications for the Council.

## Draft 2013/14 Budget

28. The Budget process for 2013/14 was a modified version of the process undertaken for 2012/13. Introduced for the first time was a system of “Head of Service Reviews” at an early stage during the process. These reviews involved each Head of Service presenting a budget overview which:

- provided an overview of the service;
- split the budget into activities and explained the basis for the total budget for each activity;
- identified pressures and efficiencies, both existing in the previous MTFP and new items;
- outlined potential options for further savings; and
- provided benchmarking information on performance and cost.

The baseline position for the budget reviews was the 2012/13 agreed budget.

29. A themed approach was taken to targeting areas for efficiencies as per paragraph 37. The total budget was then subject to further reviews to address the budget ‘gap’ by means of challenges to the identified pressures and seeking additional efficiency savings.

As a result the budget process was accelerated compared to the previous year allowing for more consideration of where savings should be made.

30. The high level budget position was presented to the Corporate Resources Overview and Scrutiny Committee in October, to which all Members were invited. This presentation covered the changes in Government Funding, the budget process and the high level MTFP figures as they then stood.

31. The full draft Capital Budget is considered elsewhere on the Agenda.

The adoption of the proposed Capital Programme will place additional pressure on the revenue budget due to additional borrowing and Minimum Revenue Provision (MRP) charges that are statutorily required. The assumption set out in the table below is an 80% delivery rate against the Capital Programme from 2013/14 across the entire medium term to 2016/17. The table shows the year on year increase in capital financing costs associated with the proposed capital programme.

**Table 3**

	Opening Base Budget £m	Movements			Closing Budget £m
		Interest Charges £m	MRP £m	Total change £m	
2013/14	12.60	(0.65)	0.46	(0.19)	12.41
2014/15	12.41	0.58	1.14	1.72	14.13
2015/16	14.13	0.91	0.61	1.52	15.65
2016/17	15.65	(0.30)	1.38	1.08	16.73

### 32. Assumptions

The budget is based upon and includes, the following key assumptions:

#### **Economic**

- For 2013/14 and all years of the MTFP, inflation of 1% on pay, 2% on supplies and services and 2% on income.
- Interest rates remain constant throughout the plan period, in line with forecasts from treasury advisers.

#### **Financial**

- Reserves increasing by £1.4m in 2013/14 and so exceeding the previously identified minimum prudent level of £11.2m. The reserves position needs to reflect additional risks and uncertainties in the formula funding model.
- Zero increase in council tax over plan period.
- Phased harmonisation of council tax to assimilate Band D equivalent to the lower rate in the former Mid Bedfordshire District area as at 1 April 2013. At this point in time the rates will be fully harmonised (see paragraph 33).
- Previously announced Council Tax Freeze Grants valued as follows:
  - 2.5% of Council Tax revenues for each of the four years from 2011/12 to 2015/16;
  - An additional 2.5% of Council Tax revenues in 2012/13 only; and
  - An additional 1% of Council Tax revenues in each of 2013/14 and 2014/15.

#### **Operational**

- Demographic changes (see Economic drivers for change, paragraph 10 above).
- Implementation of the Your Space 2 (was the Medium Term Accommodation Plan) to optimise the use of administrative and operational buildings.
- Procurement savings through tendering and contract management in waste management, highways, care services, cross cutting services.
- A move to a Council focussed on outcomes.

### External

- Impact of introduction of Universal Credit (see paragraph 26 for detail) is excluded from the model.
- Impact of localisation of council tax benefit (see paragraph 22 for detail).
- Impact of localisation of NNDR (see paragraph 23 for detail).
- Comprehensive Spending Review funding was relatively clear for 2012/13 but subject to variation thereafter. The assumed position on funding has been complicated by the factors identified in this report. The overall budgeted position has been validated against modelling carried out by the Local Government Association and the Society of County Treasurers. However, at the time of writing this report the Local Government financial settlement has not been announced and this may yet substantially alter the position.
- Public Health will be transferred in April. Expenditure will be fully funded by a ring-fenced grant with no net impact for the Council. The final Budget Report will discuss this transfer in more detail.

### Council Tax

33. There is no increase in Council Tax over the plan period with the differing rates between North and South to be harmonised at the lower North rate from 2013/14. Table 4 below shows the Council Tax rates planned for each year.

**Table 4**

<b>Band D Rate £</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
North	1,308.33	1,308.33	1,308.33	1,308.33	1,308.33
South	1,326.64	1,308.33	1,308.33	1,308.33	1,308.33

34. Table 5 below summarises the latest position for the Council's finances in 2013/14 based upon the draft budget as per Appendix A.

**Table 5**

	<b>£m</b>
<b>Net Base Expenditure Budget 2012/13</b>	<b>179.2</b>
Net Inflation	2.4
Unavoidable Cost Pressures	8.5
Efficiencies	(14.3)
<b>Net Expenditure 2013/14</b>	<b>175.8</b>
Funding	175.8
<b>Budget Requirement</b>	<b>-</b>

35. Cost pressures are identified at Appendix B with the major items relating to:
- increased demand for care services from an ageing population £1.8m;
  - increased demand for adult disability services £1.3m;
  - increased numbers of child protection referrals £1m;
  - increased numbers of children looked after £1.2m;
  - additional Pension Contribution following Actuarial Review £1.6m;
  - various pressures as a result of increased infrastructure and housing associated with growing population; and
  - debt financing (cost of borrowing to fund the capital programme) becomes significant in the later years of the MTFP.
36. All of the £14.3m efficiencies have been identified and are shown at Appendices C and D. A summary of these is shown below at Tables 6 and 7.
37. Certain consistent efficiency themes which impact across Directorates within the Council were used in the budget preparation and Heads of Service reviews. These were:

- A – Moving from institutional investment to personal solutions;  
 B – Early Intervention and enabling independence<sup>2</sup>;  
 C – Squeezing the pips out of contracts;  
 D – Income generation - new sources and methods;  
 E – Self service through digital channels; and  
 F – Rationalisation.

The themes encapsulate the Council's approach to delivering financial efficiencies whilst maintaining the outcomes from services delivered. Table 6 below groups the efficiencies by these themes.

Note 2: This theme will be developed further in future iterations of the budget process.

**Table 6**

<b>Ref</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
A	2.8	2.5	2.5	1.0	8.8
B	-	-	-	-	-
C	5.6	2.8	2.8	1.0	12.2
D	0.6	0.5	0.5	0.1	1.7
E	0.6	0.2	0.1	-	0.9
F	4.7	3.8	1.3	0.3	10.1
<b>Total</b>	<b>14.3</b>	<b>9.8</b>	<b>7.2</b>	<b>2.4</b>	<b>33.7</b>

**Table 7 – Efficiencies by Directorate**

<b>Efficiencies</b>	<b>2013/14 Savings £m</b>
Directorates:	
Social Care Health & Housing	4.7
Children's Services	1.7
Sustainable Communities	4.1
Corporate Resources	2.8
Corporate Costs	0.9
<b>Total</b>	<b>14.3</b>

**Summary**

38. Table 8 sets out the Medium Term Financial Plan across all financial years to 2016/17 and incorporates all the funding and spend assumptions included in this report.

**Table 8**

<b>Medium Term Financial Plan</b>	<b>2013/14 £M</b>	<b>2014/15 £M</b>	<b>2015/16 £M</b>	<b>2016/17 £M</b>
<b>Resources</b>				
Formula Grant and Retained Business Rates	57.60	55.11	50.46	49.47
Council Tax	116.92	116.88	117.64	119.90
Council Tax Freeze Grant 2012	1.28	1.28	-	-
<b>Total Resources</b>	<b>175.80</b>	<b>173.27</b>	<b>168.10</b>	<b>169.37</b>
<b>Planned Revenue Budget</b>				
Opening Base Revenue Expenditure	364.70	362.93	364.06	362.71
Cost Inflation	4.06	6.23	6.33	6.31
Pressures	8.51	4.90	3.41	2.73
Base Income	(185.75)	(187.13)	(190.79)	(194.61)
Income Inflation	(1.38)	(3.66)	(3.82)	(3.90)
<b>Total Planned Spend Before Savings</b>	<b>190.14</b>	<b>183.27</b>	<b>179.19</b>	<b>173.24</b>
Efficiency Savings	(14.34)	(9.77)	(7.23)	(2.39)
Efficiency Savings to be allocated	-	(0.23)	(3.86)	(1.48)
<b>Total Planned Spend After Savings</b>	<b>175.80</b>	<b>173.27</b>	<b>168.10</b>	<b>169.37</b>

## Reserves

39. One of the key objectives of the Budget carried forward from 2012/13 is to increase General Fund reserves to a risk assessed prudent minimum level. The outturn position for 2011/12 and the anticipated outturn for 2012/13 indicate that the previously identified minimum prudent level will be achieved at the start of 2013/14. However, very significant changes are being made to the basis of funding and this has added levels of complexity and uncertainty. In light of this it is prudent to aim to hold a higher level of reserves at least until clarity is obtained. The draft budget also includes a contingency element of £2m. This is to reflect the significant uncertainties over future funding already described within this report. There is also the recognition of significant risks within the budget, against which sufficient reserves must be held to be prudent.
40. The assessment of the appropriate level of reserves will be kept under review. Table 9 below shows the reserves by year.

**Table 9**

£M	2012/13	2013/14	2014/15	2015/16	2016/17
Opening Balance	10.9	12.3	13.7	13.7	13.7
Planned Contribution	1.4	1.4	0.0	0.0	0.0
Closing Reserves	12.3	13.7	13.7	13.7	13.7

The General Fund balances shown in the above table set out the planned General Fund levels at the end of each financial year. The 2012/13 General Fund opening balance was £10.9m with subsequent planned annual contributions of £1.4m per annum until the start of the 2014/15 financial year.

## Risk Management

41. All budget proposals incorporate a degree of risk. Whilst the Council has a good track record of delivering the required budget savings to date, the following are highlighted as key risks within the proposals:
- Demand: The wider impact of the current economic climate on local residents is placing further demands on the Council's services, at a time when the Council needs to reduce spending due to constraints on public expenditure.
  - Reputation: If stakeholder engagement is not managed effectively, the need for the Council to take difficult decisions in response to the contraction of public expenditure will not be understood.
  - Delivery: The delivery of the agreed savings proposals, including those which cut across more than one directorate will need to be effectively managed to ensure they are realised in practice. Some require major organisational change programmes.

- Increases in children and older people in care.
- Ability to achieve £14m savings in 2013/14 and £39m over plan period.
- Reductions in Dedicated Schools Grant (DSG), Local Authority Central Spend Equivalent Grant (LACSEG), Early Intervention Grant and changes to High Needs Block.
- Next Comprehensive Spending Review expected to be very challenging and current funding assumptions may be optimistic.
- Impact of Localisation of Council Tax Support (including ability to collect) and performance on Retained Business Rates.
- Impact of Universal Credit.
- Inflationary pressures greater than assumed.
- Impact of transfer of public health.
- Changes to the Pensions regime including the potential impact of Auto-Enrolment and the actuarial review due in 2013.

## **Consultation**

42. The Council has a responsibility to consult with residents and charge payers on its budget.

Last year, in preparation for the production of the Council's four year Medium Term Financial Strategy, Central Bedfordshire Council embarked on a comprehensive campaign to engage local people in determining this strategy.

The campaign comprised three phases of activity. Firstly, market research was conducted through a survey to all households and to a representative sample of residents. This was reported to Members as the budget proposals were developed. Subsequently a consultation was conducted on the proposals and finally, once the budget strategy had been confirmed, feedback on the Council's decisions was communicated to residents and stakeholders.

Given the scope of engagement that influenced the Council's four year financial strategy and the lateness of the Local Government settlement, it is proposed that the priority for 2013/14 will be to ensure that residents, businesses and stakeholder organisations are consulted on the specific proposals for next year's budget.

This consultation will commence as the draft budget (to be considered by Executive in January 2013) is published on 20 December. All communication channels will be used to raise awareness of the proposed budget and feedback will be invited on line and through more conventional written responses. Bespoke briefings for advocacy groups and representative organisations will also be delivered.

All feedback will be assimilated and reported to Executive and Full Council as decision making on the budget takes place in February 2013. Following the conclusion of the budget process for 2013/14, communication about the final decisions and implications for residents will take place through a mixture of social media, conventional media relations and a household leaflet that will be delivered with the Council Tax notices in the spring.

## Timetable

43. The key milestones in the timetable for Council to agree its budget in February are set out in Table 10 below:

**Table 10**

<b>Date</b>	<b>Body</b>	<b>Outcome</b>
December 2012	Public	Public Consultation commences
January 2013	Overview & Scrutiny	Consideration of efficiencies and savings and draft budget proposals
8 January 2013	Executive	Considers Draft Budget
5 February 2013	Executive	Recommends Final Budget
21 February 2013	Council	Approves Budget

### **Appendices:**

Appendix A – Summary of Medium Term Financial Plan

Appendix B – Schedule of Cost Pressures

Appendix C – Schedule of Efficiencies by Theme

Appendix D – Schedule of Efficiencies by Directorate

### **Background Papers:** (open to public inspection)

None