2016-2020 Corporate Strategy Refresh, Medium Term Financial Strategy and 2017/18 Budget and Council Tax Requirement

EXECUTIVE MEMBER: Mike Starkie, Elected Mayor

LEAD OFFICER: Fiona Rooney, Director of Commercial & Corporate Resources (& Section 151 Officer)

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WHY HAS THE REPORT COME TO COUNCIL?

This report (Item 7) including the reports attached as Items 7a, 7b, 7c, 7d and 7e provide the Elected Mayor and Members with a 2016-2020 Corporate Strategy Refresh, updated four-year projections for the 2016-2020 Medium Term Financial Strategy, the Elected Mayor and Executive’s Revenue Budget and Council Tax Requirement for 2017/18, 2017-2020 Capital Programme and 2017/18 Treasury Management Strategy, all based upon available information as this report goes to print. Members should note that a list of assumptions and outstanding information are included in Section 5, paragraph 5.5 of the report attached as Item 7b.

Following on from the Executive’s decisions on 24 January 2017, the reports were forwarded and received by full Council at its meeting on 7 February 2017 to begin the consideration process with regard to the General Fund budget for 2017/18 and the Council Tax Requirement. This report forms part of the Budget & Policy Framework within an Elected Mayor authority. More details are provided in this report at Section 2.

Recommendations:

1. Council is recommended to consider and agree each of the recommendations that are contained at the beginning of each of the following Annexes:

   a) 2016-2020 Corporate Strategy Refresh for 2017/18;
   b) 2016-2020 Medium Term Financial Strategy Projections & 2017/18 Revenue Budget and Council Tax Requirement;
   c) 2017/18 Reserves and Balances Review;
INTRODUCTION

1.1 The Council is presented with a suite of five reports plus this covering report to enable the consideration of the Elected Mayor and Executive’s draft proposals to begin. The five reports being received are:

a) 2016-2020 Corporate Strategy Refresh for 2017/18;
b) 2016-2020 Medium Term Financial Strategy Projections & 2017/18 Revenue Budget and Council Tax Requirement;
c) 2017/18 Reserves and Balances Review;
d) 2017–2020 Capital Programme; and

1.2 Overview and Scrutiny Committee presented a report to the Council as part of the Council meeting on 7 February 2017. This report was considered by the Executive at its meeting on 14 February 2017 and the Executive provided a written response to all comments and issues raised. Hard copies of the report considered by the Executive at its meeting on 14 February 2017 were subsequently provided to all Members and a copy is attached as Appendix 1 to this report for completeness.

1.3 The Review of Reserves Task and Finish Group met on 24 January 2017 to conclude its work in relation to reviewing the earmarked reserves of the Council. The General Fund Risk-Based Reserve and Balances were also examined to ensure a broader understanding of the overall reserves and balances position of the Authority. The Group’s report was presented to Council at its meeting on 7 February 2017. Since all comments made by the Group had already been incorporated into the 2017/18 Review of Reserves and Balances report, there was nothing further for the Executive to consider in this matter.
1.4 Section 2 below sets out the process to be followed now that the Council has an Elected Mayor and Executive model of governance, as reported to Council on 7 February 2017 and is included here for completeness.

2. PROCESS FOR CONSIDERATION AND DETERMINATION OF THE BUDGET

2.1 The process for consideration of the budget is determined by legislation, including the Local Government (Finance) Act 1992 and the Local Authorities (Standing Orders) (England) Regulations 2001. The Council has adopted a process complying with the statutory requirements. It is set out in the Budget and Policy Framework Rules in the Council’s Constitution. This part of the report provides a summary of the main points.

2.2 The 2001 Regulations apply where detailed budget estimates are presented to Council by the 8 February each year. Detailed budget estimates are those required by the 1992 Act and include estimates of revenue account expenditure, contingency allowances, financial reserves, transfers to and from the general fund and collection fund and calculation of the basic amount of council tax.

2.3 The 2001 Regulations set a procedure which must be followed where a detailed draft budget is received before the 8 February. This Council has adopted that procedure into its Constitution regardless of whether a detailed draft budget is received by Council before or after that date. That procedure is as follows.

2.4 The Executive by this report submits the principles of the proposed budget and invites Council to receive them. The Executive welcomes the Overview and Scrutiny Committee’s report on the proposed budget and considered that report in moving to the next stage at the Executive meeting held on 14 February 2017.

2.5 Detailed consideration of the general fund budget proposals on which the calculation of the Council Tax Requirement is based will take place at the full Council meeting on 28 February 2017.

2.6 At the full Council meeting on 28 February 2017, Council may debate and give detailed consideration to the Executive’s budget estimates of amounts and council tax requirements. Council may at that meeting approve the Executive’s budget as the budget for this Council for 2017/18 by a simple majority. However, as all precept/parish information has not yet been received, it will not be possible to set the Council Tax Requirement and the Council Tax Level. This task will have to be undertaken by the Council Tax Setting Committee in
early March when all information has been received. Council is asked to formally delegate this task to the Committee which shall comprise of the leaders of both groups, the deputy chairman of the Audit and Governance Committee and the chair of the Overview and Scrutiny Committee to set the council tax requirement and the council tax level prior to the 11th March 2017. The following steps only apply if the proposals are not agreed at that Council meeting.

2.7 If full Council does not agree the Executive proposals at the 28 February 2017 meeting then it must (a) inform the Elected Mayor of the Council’s objections and proposed amendments and instruct the Mayor to require the Executive to reconsider the Executive’s proposals in the light of the Council’s objections and proposed amendments; and (b) fix a date for a subsequent Council meeting at least 5 clear working days afterwards at which the Executive may submit revised proposals to reflect the Council’s requirements and explain the reasons for any amendments it may make or alternatively inform Council that it disagrees with the Council’s objections and proposed amendments and the reasons why. It is important that if members are minded to reject or modify the proposals that they consult fully with the Section 151 officer prior to that Council meeting to ensure that any different estimates of amounts being proposed are robust.

2.8 The Executive will meet to consider its position.

2.9 The Budget Resolution Working Group will then meet to try and resolve any points which the Executive cannot agree to. The Constitution requires this Group to comprise of the Elected Mayor (and relevant Executive Portfolio Holder if this is someone other than the Elected Mayor), the leaders of all groups on the Council and the chair of the Overview and Scrutiny Committee.

2.10 The Executive will meet again, after the Budget Resolution Working Group meeting, to formalise its response for submission to full Council.

2.11 Council will meet before 11 March 2017 to consider the matter further and the Executive’s response. The budget can be approved by a simple majority. However if Council still disagrees with them and wishes to amend or reject the revised budget or policy framework proposals then it must achieve a two thirds majority of those present and voting to do so. It is important to note that if this stage is reached members will be putting forward an alternative budget and effectively deciding to use different estimates of amounts for the purpose of setting the budget. Again, it is important that if members are minded to reject or modify the proposals that they consult fully with the Section 151 officer prior to that Council meeting to ensure that any different estimates of amounts being proposed are robust.
2.12 As all information will have been received by then, Council can make the formal decision which would have been undertaken by the Council Tax Setting Committee to set the amounts of council tax and for each category of dwelling in the area.

2.13 Members should note that the dates for all meetings after 28 February 2017 Council meeting are to be confirmed but must be timetabled to comply with the relevant legislation as set out in paragraph 4.1 below.

3. **2017/18 TIMETABLE OF KEY MILESTONES**

3.1 The remaining key milestones for Council to note are highlighted in **Table 1** below:

**Table 1: 2017/18 Timetable of Key Milestones**

<table>
<thead>
<tr>
<th>Date(s)</th>
<th>Event/Meeting</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 February 2017</td>
<td>Council</td>
<td>Reconvened Council meeting to consider Elected Mayor/Executive’s detailed budget proposals in terms of calculating the council tax requirement (section 31A) and calculation of basic amount of council tax. If Council accepts the budget proposal by a simple majority then the budget is approved. If Council does not accept the budget proposal and puts forward notices of objection then the matter stands deferred so that the Elected Mayor/Executive can consider them. The following steps then apply.</td>
</tr>
<tr>
<td>To be advised</td>
<td>Executive</td>
<td>Meets to consider Council’s decision and whether its proposed budget should be revised.</td>
</tr>
<tr>
<td>To be advised</td>
<td>Budget Resolution Working Group</td>
<td>To consider conflict resolution in respect of any matters raised by Council which the Executive is minded not to agree with.</td>
</tr>
<tr>
<td>(BRWG)</td>
<td>To be advised</td>
<td>Executive (after BRWG)</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>To be advised</td>
<td>Council Tax Setting Committee</td>
<td>Meets to finalise and formally set Council Tax Requirement, taking into account precepting authorities and parish councils’ information.</td>
</tr>
</tbody>
</table>

**4. CONCLUSION**

4.1 The Authority must set its Net Budget Requirement and Council Tax Requirement by 11 March each year. This report forms part of the process to ensure that legal requirement is met.

**5. STATUTORY OFFICER COMMENTS**

5.1 Monitoring Officer Comments: The report sets out the legal requirements for the Council to follow.

5.2 S151 Officer Comments: Financial implications are contained within the reports attached as Items 7a, 7b, 7c, 7d and 7e to this report. No further comments to add.

5.3 EIA Comments: In undertaking the process for setting its budget, the Council’s aim will at all times be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the public sector equality duty under that Act. The outcome of any decisions made following the budget engagement process, will be subject to further equality impact assessment. An EIA has been completed.

5.4 Policy Framework Comments: The Council’s Constitution sets down the Budget and Policy Framework Procedure Rules to be followed in budget setting.
Appendices:

Appendix 1 – Response to Overview and Scrutiny Committee’s Budget Scrutiny Report Items 7a, 7b, 7c, 7d and 7e.

List of Background Documents:

Constitution and Budget & Policy Framework Procedure Rules