

4 FEBRUARY 2015

REPORT OF THE HEAD OF CENTRAL SERVICES

REVENUE BUDGET 2015/16 AND MEDIUM TERM FINANCIAL STRATEGY

1.0 PURPOSE

- 1.1 The purpose of this report is to provide information on the budget issues facing the Council in 2015/16 and beyond, seek a decision on the level of the budget including growth and savings and agree the level of Council Tax for Borough Council purposes.

2.0 RECOMMENDATIONS

It is recommended subject to any recommendations received from the Policy Finance and Administration committee that:

- 2.1 Any increase or shortfall against the target working balance on General Expenses 31 March 2015 be adjusted by transfers to/from the Corporate Priorities Reserve and for Special Expenses Melton Mowbray any surplus be transferred to the Special Expenses Reserve and any shortfall be replenished from within the 2015/16 budget (paras 3.4.2, 3.4.3 and 3.5.4 refer);
- 2.2 The proposals for General Expenses as set out in Appendix A be approved for inclusion in the 2015/16 budget resulting in the estimates set out in Appendix B;
- 2.3 The revenue budget for 2015/16 for General and Special Expenses as set out in Appendix B be approved resulting in an overall council tax increase of 1.9%, the individual council tax levels being as set out in para 3.5.5;
- 2.4 That delegated authority be given to the Head of Central Services to amend the estimates to account for any changes to the final Formula Funding amount over the provisional figure by adjusting the inflation contingency;
- 2.5 That members note the changes made to the risk categorisation of budgets as set out in para 3.6.3 and Appendix E;
- 2.6 That members note the unanimous decision taken under delegated authority to remain in the Leicester and Leicestershire Business Rates Pool by all pool members for 2015/16, para 3.9.1 refers;
- 2.7 As recommended by the Policy Finance and Administration Committee the Council approve that the Council Tax Support Scheme approved for 2014/15 (Year 2) remain unaltered for 2015/16 (Year 3) and applicable amounts (e.g. Single Person Allowance) to be adjusted for inflation in line with the Government's Adjudication and Operations Circular;
- 2.8 That consideration be given as to whether to continue with the annual Strategic Planning Away Day or whether the Policy Finance and Administration Committee provide the recommendations to the Council on budget proposals as per para 11.6.

### **3.0 KEY ISSUES**

#### **3.1 Medium Term Financial Strategy (MTFS)**

3.1.1 The key issues set out in the previously approved Budget Framework with respect to the 2015/16 budget are as follows:

- The retention of the £820,000 target working balance for General Expenses, £50,000 target for Special Expenses Melton Mowbray and £750,000 target for the HRA.
- The Council retains its objective of setting a balanced budget in 2015/16.
- No inflation be provided for in the 2015/16 budget at service budget level, other than fees and charges which has been provided for at the rate of 2.5%, unless adjusted for known prices by budget holders. Instead a contingency budget for inflation be determined at a rate of 2% for costs and 1% for pay and reported to Members as part of the budget setting process for 2015/16. This was subsequently amended by the Policy Finance and Administration Committee on 2<sup>nd</sup> December 2014 with pay being budgeted for based on the nationally approved pay award. The residual contingency budget for non pay costs included within the general fund estimates is £49,010 for general expenses and £3,430 Special Expenses Melton Mowbray.
- The Programme Board determine the relative priority of schemes for members to consider and allocate funding based on the information set out in the project mandates.

#### **3.2 Local Government Finance Settlement 2015/16**

3.2.1 The provisional settlement was announced on 18 December 2014 and contained provisional figures for 2015/16 only. The final settlement is expected in February 2015 following consultation and if received in time a verbal update will be provided at the meeting.

3.2.2 The 2015/16 provisional finance settlement provides details of the provisional Revenue Support Grant allocation (RSG) and the baseline position for the BRR (Business Rates Retention) scheme. The previously separate council tax freeze grant for 2014/15 has been rolled into the settlement however it is separately shown along with other previous freeze grants awarded totalling £151k per annum. As such it is not clear if funding for past freeze grants claimed will be on going beyond 2015/16.

3.2.3 Due to the variable nature of business rates, this element of the settlement does not provide absolute certainty of funding and will depend on the rateable value of businesses in the borough, in comparison to the rates baseline. Any increase or reduction, up to a safety net of 7.5%, against this baseline after tariffs and levies, is borne by the Council. The funding baseline is used to determine the rate of tariff and levy payable.

3.2.4 The amounts included in the provisional finance settlement for Melton compared to the current financial year on a like for like basis are set out below:

	2014/15	2015/16	Change Over Previous Year
	£	£	£
RSG	1,421	1,020	-401
Retained Business Rates Funding Baseline	1,182	1,205	+23
Total Formula Funding	2,603	2,225	-378

- 3.2.5 An assumption has been made with regard to the level of business rates income that will be received in respect of 2015/16 and an amount of £1,480,000 has been included in the estimates.
- 3.2.6 A further council tax freeze grant is available for those councils that do not increase their basic amount of council tax in 2015/16 and will be equivalent to a 1% increase in council tax for the year. Ministers have agreed that the funding for the previous 2014/15 and the 2015/16 freeze grant, if taken up, should be built into the spending review baseline which gives as much certainty as possible that this funding will remain available although this was not confirmed by the provisional finance settlement leaving its future uncertain. This leaves the potential for considerable financial pressure to be placed on councils that had taken up these grants from 2016/17. For Melton there is £151k of previously awarded freeze grant being paid through formula funding and any grant taken for 2015/16 would be in addition to this. However should the funds be built into the Formula Funding baseline they will be subject to the same general cuts in funding as the remaining RSG.
- 3.2.7 The referendum limit was confirmed in the settlement. Any overall council tax increase above 2% will require a referendum to be held providing the local electorate with the opportunity to approve or veto the increase, in a binding referendum.
- 3.2.8 There has been much debate in the local government press regarding the need for reform of the local government funding system. An independent commission on local government finance has been set up to recommend changes to the system which will allow local government to meet the needs of its citizens and in particular support the delivery of five key national policy objectives, grow the economy, increase housing supply, integrate health and social care, promote work while protecting the vulnerable and support families and children through early intervention. An interim report has been issued with a final report due in 2015. In addition the "Fairer funding Campaign" led by Sparse Rural which represents rural local authorities has continued. The campaign focuses on the point that the method of calculating the Local Government Finance Settlement has resulted in rural areas being significantly underfunded when compared to urban areas for a number of years. This led to a joint DCLG/DEFRA review in 2014 on the drivers of service costs in rural areas. This did lead to an increase in the grant provided to rural authorities as part of the finance settlement although this is not a significant amount representing £35k for Melton and the campaign continues.

### 3.3 Policy Framework and Budget Process

- 3.3.1 Following detailed scrutiny by the Management Team and the Budget and Strategic Planning Working Group (BSPWG) who met on 12 November 2014 to consider and scrutinise the budget submissions. Following this process a draft budget was produced.
- 3.3.2 The Strategic Planning 'Away Day' was held on 15 January 2015 to which all Councillors and Heads of Service were invited, to provide their views on the budget proposals and financial position of the Council for the current, next and future years. This exercise enabled Members knowledge of the council's financial position to be

enhanced and also resulted in a steer being provided regarding the assumptions to be made in the budget and the Council Tax increase for Council funds. This was against a backdrop of the Council's priorities and achievements which were also discussed.

### **3.4 Estimated Year End Position 2014/15**

- 3.4.1 The estimated year end position for the current financial year 2014/15 is shown in Appendix B. This has been compiled on the basis of the 'best estimate' of income and expenditure for the year provided by budget holders and includes requests for supplementary estimates that have been approved by the Policy, Finance and Administration Committee.
- 3.4.2 The estimated year end position for general expenses is indicating a surplus for the year of £243k. This takes into account approved carry forwards from 2013/14 and in year supplementary estimates. This underspend is primarily due to additional income (planning and land charges fees), wheels to work scheme (reduction in cost and increase in funding), reduced audit fees and unringfenced grant income received. In addition there has been an increase in the amount of interest received on the Council's investments and it is currently estimated that only part of the inflation contingency provided will be required to cover a portion of the pay award. These are offset by reduced income estimated on the cattle market and a number of increases to employee costs. Due to the carry forwards and the previously approved supplementary estimates the revenue budget is still drawing on the Corporate Priorities Reserve to balance however this underspend demonstrates that part of these additional requests for funding could have been met from savings elsewhere. In year monitoring to the end of December 2014 is showing a slightly lower underspend than this primarily due to the recent settlement of the payment fraud at a higher amount than that provided for. Management Team continue to monitor budgets closely on a monthly basis. The Policy, Finance and Administration Committee approved to maintain the working balance at £820k to reflect the risks associated with reduced future funding, business rate fluctuations and any impact of the settlement of the payment fraud. It is proposed that any surplus/deficit over this level at 31 March 2015 be adjusted by transfers to/from the Corporate Priorities Reserve.
- 3.4.3 The estimated year end financial position with regard to Special Expenses, Melton Mowbray based on budget holder estimates is for a small deficit of approximately £200 and therefore the actual working balance at the year end is likely to be below the target level of £50,000 by this amount. It is proposed that any surplus over this level at 31 March 2015 be adjusted by a transfer to the Special Expenses Reserve and any deficit be replenished from the 2015/16 budget.
- 3.4.4 The estimated year end position is only an indication of the likely position at the year end and budget holders can only spend at this level if they seek approval through virements and supplementary estimates.
- 3.4.5 The only changes in the estimated year end position with regard to Sproxton special expenses is due to variations in the balance brought forward from 2013/14 over that originally estimated and this has been taken into account in the 2015/16 budgets as reserves are not maintained in respect of this fund. With regard to Frisby special expenses there was a need to undertake urgent unplanned and unbudgeted repairs to the church wall in 2014. The Parish Council has been consulted and have determined not to make a contribution. As such in order to mitigate the impact of the cost on the local taxpayers it is intended to spread the cost over three years and therefore a deficit is budgeted for on this fund for 2015/16 which will carry forward into the next financial year. Should further urgent repairs become necessary during this period it will be difficult to mitigate the financial impact further and still recover the costs within a reasonable time period.

### 3.5 Proposed Budget 2015/16

- 3.5.1 The growth and savings proposals for general expenses (MM) are set out in Appendix A. No growth or savings proposals have been put forward in respect of Special Expenses Melton Mowbray. These proposals along with a proposed overall 1.9% council tax increase result in the estimates set out in Appendix B. These are as proposed at the Strategic Planning Away Day. However it was agreed at this meeting that the proposals be put to the Policy Finance and Administration Committee at their meeting on 27<sup>th</sup> January 2015 for them to consider and make recommendations to this meeting of the Full Council. Due to this agenda being despatched prior to that meeting any recommendations arising that affect the proposals in this paper will either be circulated in advance or updated verbally at the meeting as appropriate. These proposals include all of the growth proposals put forward. With regard to the savings proposals a full list including those not proposed for inclusion following the Strategic Planning Away Day, subject to consideration by the Policy Finance and Administration committee, is included at Appendix C.
- 3.5.2 The budget for 2015/16 has been prepared on the basis of maintaining services at their agreed levels except where the Council has already agreed to a change in which case any change in cost has been incorporated into the base budget.
- 3.5.3 All service budgets have been subject to scrutiny by both the Management Team and the BSPWG. In accordance with the MTFS no inflation has been provided for general prices unless adjusted by budget Holders for known increases or contractual commitments. As set out in para 3.1.1 an inflation contingency of £49k for general expenses and £3k for special expenses Melton Mowbray have been included.
- 3.5.4 A number of principles and assumptions have been applied when preparing the summary set out in Appendix B as follows:
- That the Council sets a 1.9% overall council tax increase. General Expenses has been set at 1.9%, Sproxton Special Expenses at the level required to balance the budget, Frisby at a level aimed at eliminating the budgeted deficit over a three year period and Special Expenses Melton Mowbray at 1.6% in order to bring the overall level to 1.9%;
  - The approved establishment has generally been budgeted for in full, but no provision has been made for recruitment costs as a result of any vacancies;
  - The capital programme as set out earlier on this agenda is approved. The revenue implications of which have been incorporated into the budget;
  - Assumptions have been made in respect of a number of service related income streams in addition to assumptions over the level of interest from investments. The actual position could differ significantly from that estimated. Those services that continue to be particularly affected are retained business rates, building control, development control, the sale of co-mingled waste, car parking and industrial unit rents. Assumptions have also been made relating to price increases which could also differ to that estimated;
  - Income has been assumed in respect of a number of externally funded projects e.g. Children's Centres, Wheels to Work and community safety etc. Partners are still working through their own budget approvals and formal confirmation of a number of projects is still awaited;
  - Tenders for the Council's insurance contract are currently being evaluated. No provision has been made for any change in value over the existing contract. The inflation contingency could be utilised should the need arise to cover any increase arising from this contract;
  - Estimated retained business rates income has been based on the Council's NNDR1 form (Non Domestic Rating Income Calculation and Estimate of Collection

fund Surpluses and Deficits). As experience has shown the actual amount can vary significantly in and between years as a result of levy calculations;

- The impact of welfare reform and the introduction of universal credit remains uncertain. The Universal Credit (UC) roll out for Melton is February 2015 – April 2015. This first tranche of Universal Credit claimants will be for new Benefit recipients only. To date we have no indication existing Benefit cases will be migrated to Universal Credit. In the absence of a full timetable for implementation of universal credit it has been assumed that there will be no impact on the budget for 2015/16;
- To compensate for the reduced council tax base, as a result of the council tax support scheme, an element of Revenue Support Grant has been allocated to each special expense on the basis of the estimated loss that will be incurred following the policy introduced in 2013/14. This is on a reducing basis to reflect the anticipated reduction in RSG in future years;
- As approved by Full Council on 11<sup>th</sup> December 2013 a portion of RSG has been allocated to Parish Councils based on the level allocated in 2013/14 but reduced in line with Melton’s anticipated RSG reduction, being 30% in 2015/16. This is to compensate for the reduced tax base as a result of the council tax support scheme;
- Any surplus on the General Expenses revenue budget is transferred to the Corporate Priorities Reserve and Special Expenses Melton Mowbray is transferred to the Special Expenses Reserve to provide resources to meet future financial challenges and one off costs;
- Financial assumptions have been made regarding a number of proposed service changes that are being considered at the Policy Finance and Administration committee being held on 27<sup>th</sup> January 2015. Those with a more significant financial impact have been incorporated based on the assumption that they will be approved, for example the Intensive Housing Management Service. Other proposals which have a lessor financial impact will need to be adjusted in year and managed within the overall budget set through the Council’s flexible budget management arrangements;
- As approved by the Policy Finance and Administration Committee at its meeting held on 2<sup>nd</sup> December 2014 the structure of the Council Tax Support Scheme approved for 2014/15 (Year 2) will not be changed for 2015/16 (Year 3). Applicable amounts (e.g. Single Person Allowance) will be adjusted for inflation in line with the Government’s Adjudication and Operations Circular. As this also requires the approval of The Council a recommendation is included accordingly.

3.5.5 The proposals and assumptions set out above result in the proposed Council Tax levels for each fund as set out below:

<b>Fund</b>	<b>Council Tax at Band D £</b>	<b>Change over 2014/15 %</b>
General Expenses	153.34	1.9
Special Expenses - Melton Mowbray	57.23	1.6
Special Expenses – Sproxton Nos. 2 & 4	48.93	8.0
Special Expenses - Frisby	24.36	45.1
Average	181.04	1.9

3.5.6 For information, a summary of the parish precepts is set out at Appendix D.

### 3.6 **Budget Monitoring**

3.6.1 For the purpose of budget monitoring, services are designated as one of three categories which determines the level and frequency of budget monitoring.

These are:

- High risk and complex budgets.
- High risk budgets.
- Lower risk budgets.

3.6.2 The categorisation of the various services has been reviewed for 2015/16 and is set out in Appendix E.

3.6.3 Following consultation with the Management Team three changes have been made to the existing categorisation these being:

- The re-categorisation of car parking income from a high risk budget to a high risk and complex budget. This is to reflect the data that is available and should be analysed in order to inform car parking income trends and projections. This will formalise existing practices;
- The removal of the council tax collection fund from the high risk category. This was escalated to the high risk category following the localisation of council tax support. Monitoring supports this no longer being a high risk area to monitor and indeed county wide monitoring takes place as this also affects our major preceptors and a decision has been taken with partners at county level to reduce the monitoring to a quarterly basis;
- The inclusion of Environmental Maintenance into the high risk category based on variations in spend against budget identified during 2014/15. Whilst individually there have not been large variations that have caused concern there have been an increasing number of smaller ones that in totality warrant closer monitoring.

### 3.7 **Reserves**

3.7.1 The Local Government Act 2003 requires the Responsible Financial Officer to comment on the adequacy of reserves and the robustness of the estimates. I am satisfied with the robustness of the 2015/16 base budget estimates and the adequacy of the reserves on the basis of the information available to me at this time and advised by budget holders and the assumptions set out in para 3.5.4. The key issues that could impact on the robustness of the estimates are covered by the high risk budgets set out in Appendix E. In addition assumptions have been made regarding partner contributions and external funding where notification of funding levels have yet to be received and there are a number of initiatives in progress that have yet to be fully costed and included in the estimates. Reserves would need to be adequate to fund any in year requests for schemes not supported as part of the budget setting process and each case would need to be assessed at that time based on the availability of individual reserves available to support any such requests.

3.7.2 A Statement of Revenue and Capital Reserves is attached at Appendix F and this is based on the following assumptions:

- The capital programme and the contribution from the reserves is approved as set out earlier on this agenda;

- Any increase or shortfall against the target working balance on General Expenses 31 March 2015 be adjusted by transfers to/from the Corporate Priorities Reserve and for Special Expenses Melton Mowbray any surplus be transferred to the Special Expenses Reserve and any shortfall be replenished from within the 2015/16 budget.
- Transfers are made from and to the business rates equalisation reserve in order to mitigate the financial implications between years of the levy payments and collection fund surplus/deficits. This follows the establishment of a reserve at the end of 2014/15. A policy has been drawn up and is included in Appendix G in order to cover the future use and intentions of this reserve and to guide future budgets and year end transfers.

3.7.3 With regard to the revenue reserves the council has three main categories. These are earmarked for a specific purpose, general where the use is flexible and working balances which are in effect a contingency for unforeseen but risk assessed events. A brief description of the purpose and future intention with regard to each reserve and provision held by the Council is set out in Appendix G.

3.7.4 With regard to the general reserves which are not earmarked there are a range of projects that are at the early stages of development for which these reserves will be essential for the Council to deliver. These include but are not limited to:

- Leisure Vision
- Food Enterprise Centre
- Cattle Market
- Transformation Programme
- Me and My Learning post 2015/16
- Local Plan Projects
- Affordable Housing
- Asset Repairs
- Non-Recurring Costs arising from Staffing Changes

### 3.8 Financial Projections for Future Years

3.8.1 The estimates in Appendix B contain forward projections for the financial years 2016/17 to 2018/19. This is based on the estimated likely position for these future years. In drawing up this projection a number of assumptions have been made regarding service expenditure and income following discussions with budget holders, and scrutiny by both the Management Team and the BSPWG. Some of the key assumptions that have been made in preparing these forward projections as follows:

- The current policy of allocating a portion of RSG to parishes and special expenses to compensate for the reduction in tax base as a result of council tax support is continued with a reduction in line with Melton's estimated reduction in RSG as approved by the Council on 11<sup>th</sup> December 2013;
- Any surplus on the General Expenses revenue budget is transferred to the Corporate Priorities Reserve and Special Expenses Melton Mowbray is transferred to the Special Expenses Reserve to provide resources to meet future financial challenges and one off costs. Where there is a budget deficit from 2017/18 onwards this has been left as a balance in order to demonstrate the funding gap;



- That an increase in council tax of 1.9% will be set in 2016/17 and 2017/18 and 2018/19;
- Transformation savings of £200k will be achieved over the 2 years 2015/16 and 2016/17;
- Additional savings/income could arise from the review of public conveniences, increases in income in some services from both demand and price rises, savings from a new waste contract and interest rate increases;
- Additional costs could arise from changes to NI and pension arrangements, general pay and price rises, withdrawal of partner funding in some areas including dry recycling credits, and the transfer of the land charges service to the land registry;
- No allowance has been made for the any financial impact arising from Welfare Reform including the introduction of Universal Credit;
- RSG will continue to reduce significantly in line with previous reductions.

3.8.2 Following approval of the budget, the MTFS and budget book will be published as a joint document and it is intended this will be available for circulation to members at the Council meeting on 25<sup>th</sup> February 2015.

### **3.9 Business Rates Pooling**

3.9.1 Following the Policy Finance and Administration Committee meeting held on 2<sup>nd</sup> December 2014 approved delegated authority was exercised in order to remain within the Leicester and Leicestershire Business Rates Pool for 2015/16. In summary the pooling agreement, which is still being finalised, allows for increases in business rates that would otherwise have been paid over to central government in the form of a levy to be retained within the pool area. Monies retained above an approved contingency will be available to support priority economic projects within the whole Leicestershire/Leicester area and distributed by the LLEP. The estimated retained levy within the pool area for 2015/16 is £2.6m however the final position will not be known until after the end of the financial year. The financial position of the pool is monitored on a quarterly monthly basis across the area.

### **4.0 POLICY AND CORPORATE IMPLICATIONS**

4.1 There is no further policy and corporate implications directly arising as a result of this report other than those set out above.

### **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 There are no further financial and resource implications other than those set out above.

### **6.0 LEGAL IMPLICATIONS/POWERS**

6.1 There are no direct legal implications resulting from this report.

### **7.0 COMMUNITY SAFETY**

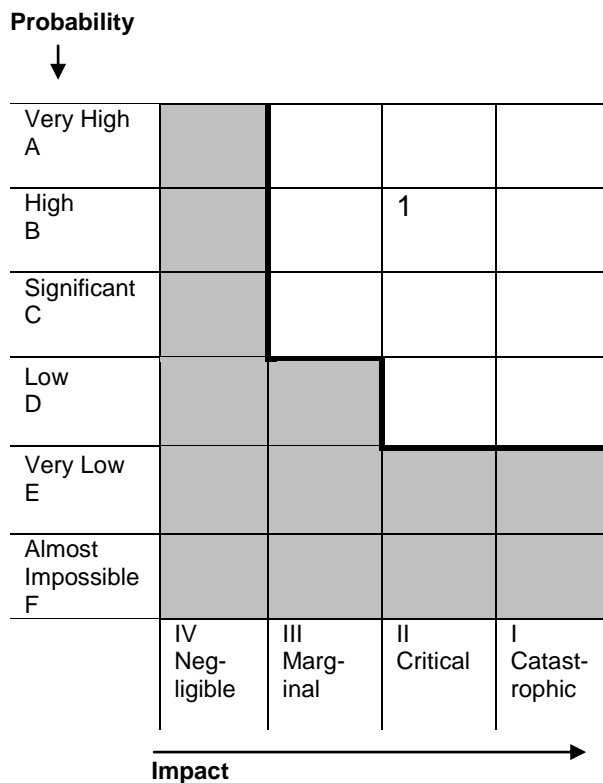
7.1 Individual budgets could have links to community safety issues. These are covered in any associated reports and financial forms that refer to these budgets as they progress through the decision making process. There is a growth item proposed for approval which specifically covers community safety for 2015/16 which is intended to ensure the valuable work currently undertaken in this area is able to continue moving forward.

## 8.0 EQUALITIES

- 8.1 Should it be considered that elements of the budget proposals may have equalities issues then these have been considered by the service area and assessed accordingly.
- 8.2 Equalities Impact Assessments have been undertaken with regard to those savings proposals that are recommended or may be recommended for approval following the Policy, Finance and Administration Committee. These are the Melton Mail and staff training savings proposals. A first stage assessment has been undertaken with regard to the Environmental Maintenance proposal and this will be developed as the review is developed and covered in the subsequent full report to the relevant committee. The savings proposal for licensing, development control and environmental health will require an assessment and this will be completed and considered as this saving is developed and presented to members later in the year. A review of the EIA's have identified that further work would be required in relation to the staff training proposal to adequately assess the equality implications and this would need to be undertaken before any approved saving could be implemented. With regard to the Melton Mail the review identified that consultation would be beneficial to gain further understanding on the impact of any withdrawal of the service. As these are completed copies are placed on the website or can be obtained from the relevant service area.

## 9.0 RISKS

- 9.1 There is always the risk that an item of income or expenditure is not adequately reflected in the budget for any financial year. The process followed as set out in the Service and Financial Planning Timetable is aimed at mitigating this risk. However, the Council has a working balance which is annually reviewed and calculated on a risk based approach. This working balance is there to provide for any variations in actuals against budget that could not have been anticipated at this stage. The detailed calculations are contained in the Council's MTFS and were presented to the Policy Finance and Administration Committee at its meeting on 30<sup>th</sup> September 2014.
- 9.2 There are a number of budgets where assumptions have had to be made which are of higher risk than others and these could impact on the robustness of the estimates as set out in section 3.6 above. The level of budget monitoring in year is based on the risk assessment undertaken and the frequency and extent of in year monitoring and reporting reflects the relative risk of each budget.
- 9.3 There are a number of future financial pressures and uncertainties which have been highlighted earlier in the report which could affect the 2015/16 budget as well as future years. Collectively these indicate on-going financial pressure and uncertainty on the council's resources. The forward projections have been subjected to sensitivity analysis in light of the potential risks associated with particular items and assumptions. These do indicate potential wide fluctuations in any year which could see the likely surplus/deficit being substantially different to that expected. This emphasises both the high level and impact of the risks that face the Council's finances in the future. In recognition of the significance of these risks there is a risk contained within the Council's corporate risk register relating to finance as set out in the following table. As a corporate risk an action plan is in place and is actively managed.



Risk No.	Description
1	Uncertainty and risks over future government funding and the resultant impact on the Council's finances

9.4 One key risk is the significant reductions in RSG that are expected in future years and the reliance the Council now has on the NHB as a form of funding for the Council's revenue budget. The future of this form of funding is uncertain and as such it is important that the Council continues to be as efficient as it can be and gain savings where possible in order to reduce this reliance. In addition a large proportion of the Council's income being business rates is now variable. Whilst the Council does have a good level of reserves and balances this should be taken in the context of the future significant cuts that are set to continue. Such reserves could be used, should the need arise, to support the revenue budget in any year to mitigate the impact of any large unforeseen reductions in grant whilst more long term sustainable plans are developed to reduce net expenditure.

## 10.0 CLIMATE CHANGE

10.1 Individual budget heads could have climate change issues but these are considered individually as they progress through the approval process.

## 11.0 CONSULTATION

11.1 The Council's corporate priorities were approved following consideration of national priorities, local intelligence, partner's priorities, community views, internal requirements and future challenges. These have been taken into account as part of the budget setting process.

- 11.2 The Service and Financial Planning Timetable sets out the Council's approach to consultation and its links to the budget setting process. All Heads of Service and Members are involved in the process at various stages.
- 11.3 Union representatives were invited to attend the BSPWG meetings held in November and the Strategic Planning Away Day in order to facilitate communication with staff representatives. A representative attended the Strategic Planning Away Day.
- 11.4 The Town Area Working Group was consulted on proposals for Special Expenses Melton Mowbray.
- 11.5 Business ratepayers have been consulted on revenue and capital spending plans via the council's website. No comments have been received to date but should any be received prior to the meeting the Council will be updated verbally.
- 11.6 The Strategic Planning Away Day has been held annually for some considerable years. This enables all members to have early sight of full budget proposals and to ask questions in order to gain a full understanding of the council's financial position, the priorities against which its financial plans are made and discuss revenue and capital budget proposals. This enables direction to be provided in advance of the Council meeting in terms of the reports presented. Concern has been expressed over the years by members that this should not be seen as a decision making body and is merely consultative. Attendance has generally been about 50% of members. It was suggested at the meeting this year that the Policy Finance and Administration Committee could perform this role in future. Committee estimates already progress through the relevant policy committee at an early stage in the process prior to being collated into the overall position. Members are asked to consider if they wish to dispense with the Strategic Planning Away Day and instead the Policy Finance and Administration Committee provide the direction on the proposals to be recommended for approval to the Council when setting the council's budget.

## 12.0 **WARDS AFFECTED**

- 12.1 All wards are affected.

Contact Officer: Dawn Garton

Date: 19 January 2015

Background Papers: Budget Working Papers  
Strategic Planning and Budget 'Away Day' notes.

List of Appendices: Appendix A – Budget Proposals  
Appendix B - Summary of Proposed Committee Estimates  
Appendix C – Full List of Savings Proposals  
Appendix D - Parish Council Precepts  
Appendix E - Risk Assessment of Budgets  
Appendices F and G - Statement of Revenue and Capital Reserves and Purpose and Future Intentions of Reserves

Reference: X: Council, C'tee & Sub-C'tees/Council/2014-15/04-02-15/DG-Revenue Budget 2015/16