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To: Communities Cabinet Committee

Date: 19 September 2012

Subject: **Budget Consultation 2013/14**

Classification: Unrestricted

Summary: To update Members of Communities Cabinet Committee on the 2013/14 budget consultation launched on 6 September 2012.

Recommendation: Members are asked to note the launch of the consultation and that feedback will be provided in the November 2012 round of Cabinet Committee meetings

1. Introduction

- 1.1 Consultation on the draft budget proposals for 2013/14 was launched on 6 September 2012. The consultation will run for 8 weeks up to 1 November 2012. The consultation has been launched much earlier than in previous years. This allows more time for consideration of the options and more time for Cabinet and Cabinet Committees to consider consultation responses.
- 1.2 The consultation is accompanied by a brief paper which outlines the challenge the council faces in addressing additional spending demands while at the same time Government grants are reducing and a proposal to freeze Council Tax for the third successive year. This combination means £60m of savings need to be found next year.
- 1.3 The package of savings includes some which are the full year impact of savings we have made as part of 2012/13 budget. For example within the Customer and Communities portfolio we made a saving of £0.4m in 2012/13 from the youth service review which has a full year effect of £1.0m in 2013/14. We are not specifically seeking views on these full year amounts as decisions have already been taken following full consultation.
- 1.4 The consultation focuses on £42m of savings which are the key new proposals. This includes proposals to address the £28m of savings that were not identified at the time the current Medium Term Financial Plan (MTFP) was agreed, as well some items which were included in the current plan but not in detail as there was no impact in 2012/13.

2. Current Medium Term Financial Plan

- 2.1 The starting point for the budget proposals is the current MTFP. We have updated all the estimates in the original plan, including estimates for forecast inflation and demographic pressures as well as the latest on timing for delivery of savings. Launching consultation early inevitably means these estimates are less robust than they would be later in the year. In particular we have had to estimate the amounts we are likely to get in Government grant as we do not even have provisional grant figures to work from. We have had to estimate the likely number of domestic households for Council Tax purposes as districts will not make the formal assessment until later in the year.
- 2.2 At this stage for consultation purposes we have not produced individual portfolio plans. Instead we have produced an overall summary for the whole council showing how the net expenditure (gross expenditure less service income) is proposed to reduce from £1.78bn in 2012/13 to £1.71bn for 2013/14. Cabinet Members feel it important to consult about the broad principles and direction of travel at this stage and consultation on detailed implementation can follow at a later date once the overall strategy has been agreed. The key issues for the Customer & Communities portfolio will be considered at the meeting.
- 2.3 For simplicity Cabinet Members agreed that we should consult about net expenditure i.e. before Government grant income, rather than net spend after specific grants (as previously quoted in budget plans). Cabinet Members felt that distinguishing between specific and un-ring-fenced grants was unnecessarily complex and distracted from the main message of additional spending demands + reduced grants + freeze Council Tax = need for significant savings.

3. Engagement with Cabinet Committees

- 3.1 Cabinet Committees have already been asked to establish an Informal Member Group (IMG) to consider the specific budget issues for each portfolio. The IMG for this committee is chaired by Alice Hohler, and includes Mike Angell, Alan Chell, Carole Waters, Ian Chittenden and Elizabeth Green. The IMG has already set a schedule of meetings throughout the autumn. There are no specific terms of reference for the IMG and each group will agree their own working arrangements and which officers should be invited to provide evidence.
- 3.2 It is intended that the IMG will report its findings to the November meeting together with any specific issues for the Customer & Communities portfolio arising from the consultation. This should provide the Cabinet Committee with sufficient information and evidence to make recommendations to the Cabinet Member. These recommendations can then be considered by Cabinet in December prior to issuing any changes to the final draft budget. This will provide Cabinet Committees the opportunity to scrutinise the response to consultation prior to the final budget being presented to County Council in February.
- 3.3 In light of this process Cabinet Committee's need to decide whether they want to debate about the proposals in the consultation paper at this meeting, or whether this should be deferred until November after the IMG has undertaken detailed examination.

4. Recommendations

4.1 Members are asked to

- (i) note the consultation launched on 6th September
- (ii) note the proposed engagement with Cabinet Committees
- iii) decide at which meeting(s) they wish to debate the consultation

Background documents

KCC Budget Consultation

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