
BUDGET STRATEGY 2014/15

Reason for the Report

1. To provide an opportunity for the Committee to consider the Council's budget strategy for 2014/15 and the timetable for the budget process, prior to the presentation of the budget report to Full Council on 27 February 2014.
2. In July 2013, the Cabinet and Full Council considered the report attached at **Appendix A**, setting out the strategy and timetable for the Council budget for 2014/15. The report explains the economic constraints within which the Council's budget for 2014/15 will be determined.

Background

3. In the 2013/14 budget settlement, Welsh Government identified indicative levels of funding. For all Welsh Councils the indicative percentage increase was 0.86% and for Cardiff Council 1.27%. In a letter from the Minister for Local Government and Government Business in May 2013, however, it was stated that these indicative figures could 'no longer be considered as a basis on which to plan'. Councils have been advised that reductions similar to those experienced by Councils in England are to be anticipated. English Councils' budgets have reduced on average by 4% per annum over the last four years. Advice from the Minister is that Councils must consider radical short-term financial and service planning as well as longer-term deep transformational change crossing geographical and organisational boundaries.

Issues

4. The Budget Strategy states that there could be a budget gap of c. £33 million for the next financial year, which the Council will have to close through savings, an increase in council tax or the use of reserves. The Welsh Government requirement for Councils to protect delegated schools budgets remains in place for 2014/15, although the protection for social care budgets ends in 2013/14 (see paragraph 34 of Appendix A). Savings cannot therefore be made against a significant proportion of the Council's overall base budget.

5. Members may like to note the following:
 - The Council's overall base budget stands at **£593 million**. Given that savings cannot be taken from social care and delegated schools budgets, the Council's controllable budget (from which savings could be made) is therefore around **£270 million**;
 - A further adjustment of £16.6 million is being made to the controllable budget in respect of Central Transport Services and Facilities Management. Savings of £3.9 million have already been identified as coming from these areas in the next two years and these are considered to present a 'significant risk to the Council's monitoring position' in 2013/14. This therefore leaves the Council's adjusted controllable budget at **£253.4 million**;
 - In order to meet the identified funding gap of £33 million, most directorates have been asked to propose savings of **23.5%** of their controllable budgets.
 - Within the Council's overall controllable budget, the adjusted controllable base budget for social care is £135.5 million. A savings target of **4.5%** has been set out for these budgets in recognition that savings targets have historically been difficult to achieve for social care budgets.

6. The report sets out a number of mechanisms through which service areas will be required to develop savings proposals over the coming months, which Members may like to explore at the meeting. These are set out in detail from paragraph 17 of Appendix A and in brief below:
 - **Policy-led savings**, which could include:

- Establishing new organisations to deliver services and identify budget savings;
 - Setting up or exploiting existing partnership contracts with other organisation to deliver services and identify budget savings;
 - Identifying collaboration opportunities;
 - Exploiting opportunities to sell services or trade services;
 - Consideration of whether to make or buy services as part of the wider consideration being given to commissioning and procurement;
 - Significant service reductions or closures of service provision.
- **Business process-led Corporate Efficiency Savings.** Following on from the previous administration's Transformation Portfolio, the Budget Strategy report sets out the establishment of three broad efficiency programmes: Resources, Customer and Operations. These programmes include ongoing change programmes in Commissioning and Procurement and Customer Management about which the Committee has already been briefed. The Cabinet report also mentions the development of a number of 'corporate business principles' (paragraph 24 of Appendix A) which are to be developed and presented to the Cabinet.
 - **Discrete directorate-led savings,** which are predicted to make a significant contribution to savings targets in the early years of the Medium Term Financial Plan, as the other methods described above may take more time to identify and deliver. These savings may involve:
 - Cutting expenditure on supplies and services;
 - Reducing posts and agency spend;
 - Restructuring and in particular reducing management and supervisory posts;
 - Increasing fees and charges;
 - Maximising grant funding opportunities.

7. The Medium Term Financial Plan has also been updated and details can be found from paragraph 53 of the attached report. Specific details of , 'base', 'worst' and 'best'

case scenarios in terms of the Council's anticipated funding shortfall up until the end of 2016/17 can be found at paragraph 57. The current 'base' scenario is that there will be a funding gap of £88.7 million over the course of the next three years.

8. The Welsh Government's Provisional Budget Settlement is anticipated in October 2013 and the Final Budget Settlement in December 2013.

Previous Scrutiny

9. During its consideration of the 2012/13 Budget Strategy and Proposals and when it has scrutinised budget monitoring reports, the Committee has raised a number of concerns that Members may like to explore in the context of the budget timetable set out at Appendix 1 of the attached report. These have included:

- The cumulative effect of year on year cuts;
- The implementation of Transformation programmes and the extent to which efficiency savings could be made;
- The Council's borrowing levels;
- Engagement with those effected by the savings proposals, particularly in terms of the voluntary sector;
- The public budget consultation which was undertaken in February 2013. (This is discussed at paragraph 64 and 65 of the attached report.);
- The need for a greater understanding of the risk, achievability and equality impact assessment process which is carried out on budget proposals. (Further details can be found at paragraph 88 and 89);
- The breadth of information available to Committee Members in terms of the totality of the Council's budget.

Way forward

10. To facilitate consideration of this report Councillor Russell Goodway, Cabinet Member - Finance & Economic Development; Marcia Sinfield, Interim Section 151 Officer; and Allan Evans, Operational Manager, Service Accountancy will be in attendance to answer Members' questions.

Legal Implications

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

12. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Note the Cabinet's approach to preparing the 2014/15 budget report;
- ii. Consider whether it wishes to refer comments for consideration by the Cabinet as it continues its budget preparations;
- iii. Consider how it wishes to scrutinise the budget process in the coming year.

MARIE ROSENTHAL

County Clerk and Monitoring Officer (Democratic Services)

6 September 2013

CABINET MEETING: 22 JULY 2013

BUDGET STRATEGY 2014/15

REPORT OF INTERIM SECTION 151 OFFICER

AGENDA ITEM: 8

PORTFOLIO : FINANCE, BUSINESS AND LOCAL ECONOMY

Reason for this Report

1. To establish the financial strategy of the Council in readiness for preparation of the 2014/15 revenue and capital budgets and to consider the significant financial challenge facing the Council both now and in the medium term.
2. To outline the timetable for the budget process in order to present the budget report to Council on 27 February 2014.

Background

Economic Position

3. This budget strategy is written in the context of continuing financial restraint. The report outlines that public sector funding for local government within Wales is likely to be significantly lower than indicative levels previously advised for 2014/15 albeit the level of this reduction is currently unclear.
4. The Chancellor's budget announcement in March 2013 set out the economic context against which the budget strategy will be set. Some of the main indicators from this statement were:
 - Growth forecast to be 0.6% this year rising to 2.8% in 2017
 - Inflation to be between 2% and 3%.
 - National debt forecast at 75.9% of national income this year increasing to a peak of 85.6% in 2016/17
5. In February 2013 Moodys downgraded the sovereign rating of the UK by one notch under what is termed Triple A status. Subsequently Fitch also downgraded the UK's sovereign rating. With the number of Triple A countries dwindling, the likelihood of such an event being anticipated and other emerging concerns, the reaction of financial markets has been

limited. However these events, together with ongoing concerns in respect of the Eurozone, continue to underline the fragility of financial markets at present and the knock on impact on prospects for the UK and Eurozone with both investment returns and borrowing rates at historically low levels.

Welsh Government Context

6. When the 2013/14 budget settlement was announced by Welsh Government (WG) indicative levels of funding were identified. Across all councils the indicative percentage increase was 0.86% and for Cardiff Council the figure was 1.27%, a cash increase of £5.665 million.
7. The Chancellor's Autumn statement identified that cuts of £65 million would be required from WG in 2014/15. This figure was increased to £81 million in his March budget statement. Whilst the financial impact on local government is unclear councils have been aware for some time that it would be unrealistic to assume that local government would be unaffected.
8. A letter from the Minister for Local Government and Government Business to the Welsh Local Government Association (WLGA) Spokesperson for Finance and Resources on the 23 May 2013 has confirmed this position stating that indicative figures included in last year's settlement can "no longer be considered as a basis on which to plan". Whilst the Chancellor's Spending Review on 26 June 2013 did not outline any further significant cuts to WG for 2014/15, Welsh Ministerial decisions regarding protections for elements of the public sector could further impact Cardiff's budgetary planning assumptions
9. The Spending Review outlined a 2% cut for devolved administrations for 2015/16 however, for the reasons outlined above regarding potential protection this cannot be assumed to translate into a straight 2% cut for Local Government. Councils have been advised that funding reductions experienced by councils in England signal the future financial reality.
10. At its Annual General Meeting on the 21 June 2013 members of the WLGA received a paper in advance of the Chancellor's spending review. This reported that councils in England will have reduced on average by 4% per annum over the last four years. In light of members concern at the potentially worsening position it was agreed that the WLGA should:
 - Lobby WG for early notification of funding reductions and indicative allocations for future years
 - Argue for greater financial stability, exploring the possibility of freezing the funding formula for the foreseeable period
 - Lobby WG for greater financial flexibility including the incorporation of as many grants as possible into the general settlement and the removal of specific service protections;
 - Continue to emphasise councils' role in, economic growth, anti-poverty and preventative areas of spend and,

- Engage with the Local Government Association to learn from approaches taken by some authorities in England to sustained funding reductions.
11. The usual timetable for the release of the provisional and final budget settlements is expected to be October and December respectively and in the current circumstances councils clearly need clarity in advance of these dates. At present uncertainty in respect of potential formula and data changes in the funding formula still exists as does the impact of any further specific grants transferred into the settlement together with any changes to their quantum. It should be noted that the 2014/15 Settlement will contain a funding reduction of £1.3 million as the second tranche of a three year reduction of £3.9 million in respect of Learning Disability Resettlement Grant as a result of distribution changes when the grant was brought into the formula. Therefore whilst the Council would welcome the WLGA lobbying WG to include as many grants as possible into the general settlement this should be done on the basis of the existing distribution.

Corporate Plan

12. The Council approved its Corporate Plan in February 2013 setting out the strategic direction and providing a framework for more detailed service plans and performance management objectives. The Corporate Plan also includes a Delivery Plan and the budget setting process will support the plan by allocating resources in accordance with these priorities. The Corporate Plan established five themes:
- Making a better future for our city
 - Creating jobs and opportunity for all
 - Helping those that need it most
 - Working together for the city and the region
 - Working smarter and better
13. The Corporate Plan together with significant issues identified through the Council's Statement of Internal Control, the Corporate Risk Register and performance management reports will form the basis of the financial strategy for 2014/15 and beyond. In addition, the development of the budget over the next six months will be informed by the current year's monitoring position as the year unfolds.

Issues

Setting the Budget Strategy

14. The 2013/14 budget was a challenging exercise from both a revenue and capital perspective. The Council's Aggregate External Finance (AEF) was increased by 1.95% in cash terms over 2012/13, and when measured on a per capita basis was £1,263 which was well below the Welsh average of £1,424.

15. The approved budget for 2013/14 included making significant savings amounting to £22.387 million which was achieved whilst holding council tax rates at the same levels as in 2012/13.
16. Over the past five years the level of savings identified as part of the budget setting process has amounted to circa £81.5 million and these have become more challenging to achieve year on year. However, given the messages from Central and WG in respect of indicative funding levels for 2014/15 and beyond and the increasing service pressures that the Council faces, it is clear that financial challenge is set to become greater and continue over a prolonged period. Advice received from the Minister for Local Government and Government Business is that:

“Authorities need to engage immediately in decisive and radical short-term financial and service planning so as to align public services quickly to the lower levels of resources available in the future. In the longer term, the significantly lower levels of resource must drive deep transformational change which crosses geographical and organizational boundaries”.

Savings Drivers

17. To meet this financial challenge a paradigm shift is required in relation to the quantum and nature of savings proposals over the medium term to ensure that financial sustainability can be achieved and a balanced budget set. To assist with the consideration of proposals three categories of savings drivers have been developed albeit it is recognised that these are inter-related.
18. In summary these potential savings drivers include policy led savings which require early Cabinet direction, business process led corporate efficiency savings and discrete directorate area led savings. Further detail in respect of these drivers is set out below.

Policy Led Savings

19. Cabinet has already signalled as part of its 2013/14 Budget Report that to meet the financial challenges ahead savings will need to be generated both from areas of Council spend and approaches to service delivery that have not previously been considered. Furthermore the October 2012 Cabinet Report entitled “Exploring New Models of Delivery” explored at a high level alternative delivery models. The majority party has recently confirmed that the Council should explore the complete range of alternative delivery mechanisms in order to ensure that as many jobs as possible are protected across the sectors. Further discussion is required about how to take this forward to ensure that the budget setting process is as effective as possible.
20. Given the complexity of delivering savings against these headings sufficient resources will need to be set aside to exploit the potential base budget savings and service improvement opportunities that may be available. This may include the provision of internal and specialist external advice in respect of procurement, commercial and legal considerations. The sensitivity of developing proposals in these areas is

acknowledged along with the need to engage key stakeholders including staff and trade unions. In addition it should be noted that these savings may take time to be delivered and therefore the realisation of savings may need to be factored into the later years of the Medium Term Financial Plan (MTFP). The areas for consideration include the following service delivery models:

- Establishing new organisations to deliver services and identify budget savings. This may offer opportunities to increase or identify income and to access or maximise funding streams.
 - Setting up or exploiting existing partnership contracts with other organisations to deliver services and identify budget savings. Setting up contracts with organisations from another sector could help to provide services and, or access funding the Council was previously unable to achieve.
 - Identifying collaboration opportunities by which the Council can deliver services and identify budget savings. The Council continues to play a full part in collaboration activities and works robustly to identify savings from projects such as Integrated Health and Social Care and Regulatory Services which are resourced from the £10 million top sliced from councils' 2013/14 budget settlement. However, the Administration feels that the time has come for councils to explore more ambitious collaborative projects including the merging of council departments and the establishment of back office services across a larger number of councils either on an all Wales basis or on a city region basis. The Cabinet intends to explore potential opportunities in the immediate term. The Council should note that this could result in some services being delivered by staff based outside the city.
 - Exploiting opportunities to sell services or trade services can identify budget savings. External selling of in-house services and expertise to other councils or organisations can boost income.
 - Consideration of whether to make or buy services as part of the wider consideration of commissioning and procurement can deliver services and identify budget savings.
 - Lastly the scale of the financial challenge may result in consideration being given to either significant service reductions or closures of service provision. The impact of these changes will be key as will the confirmation that the saving proposal still ensures that the Council meets its statutory duties.
21. The above list of service delivery models is extensive and as such consideration is required as to which delivery routes are most appropriate for specific service areas. As the MTFP covers three years consideration could be given to phasing consideration of service and models of delivery over this period. Previous reports have suggested areas to consider including IT, HR and Payroll services and social care agenda. Consideration should be informed by intelligence as to what has and has

not worked already within the Council and based on the experiences of other councils.

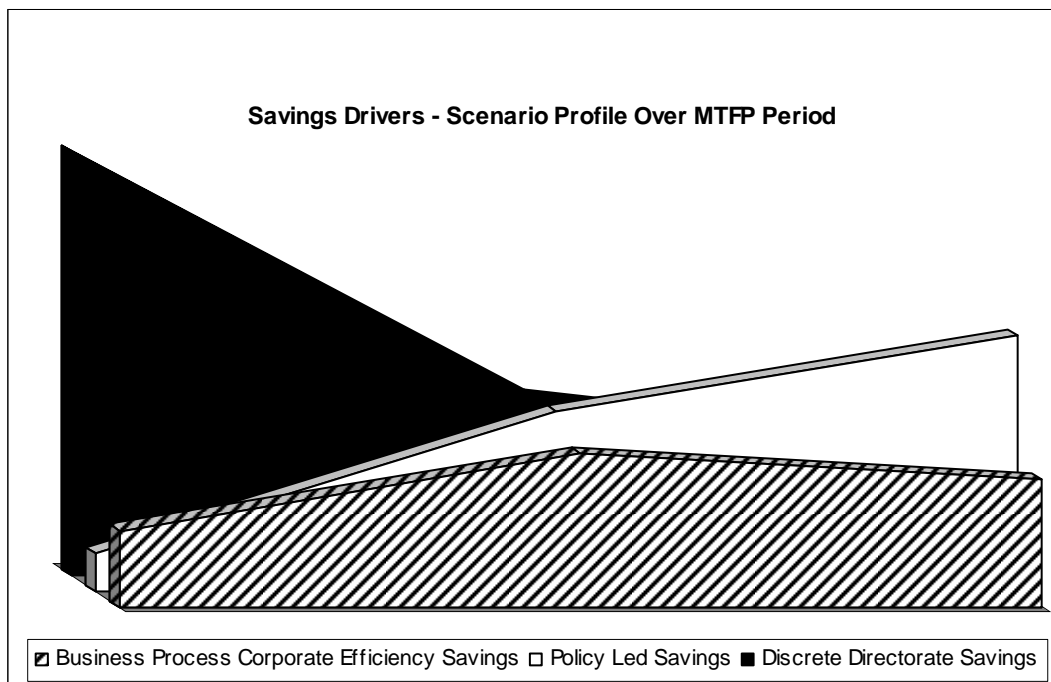
Business Process Led Corporate Efficiency Savings

22. The Budget Report for 2013/14 identified efficiency savings in the region of £6.04 million including full year effects of previous year initiatives, procurement activities and service redesign. Further efficiency savings in the following areas are to be identified throughout the MTFP and these will focus on significant areas of business change, particularly across service areas. Efficiency savings will be considered under three broad programme headings entitled Resources, Customer and Operations and will be delivered from within business as usual settings with accountability resting with the relevant directors.
23. Key projects within these programmes include the ongoing project in respect of commissioning and procurement and also the customer management project. This project seeks to deliver efficiencies by moving over time to standard customer channels enabling where possible a single view of the customer.
24. Technology enabled business process improvements will underpin these programmes and efficiency savings will be considered against a set of corporate business principles which are to be developed and considered by Cabinet but which could include:
 - Citizen centric – The citizen is at the heart of everything we do
 - One Council for all citizens – Consistent quality whatever service of channel a citizen chooses
 - Maximise benefit for the Council – Decisions are made to provide the maximum benefits for the whole Council
 - Convergence – Common business activities should be done in a common way
 - Information is an asset – Information is an asset that has measurable value to the Council

Discrete Directorate Led Savings

25. As well as interfacing with and facilitating the service improvements and savings opportunities identified above directorates will continue to be responsible for generating a significant contribution to their savings target from discrete directorate led savings. This will particularly be the case in the early years of the MTFP as it is recognised that alternative delivery models and efficiency led business change may take time to identify and deliver.
26. Each director will work with their Cabinet member to develop these savings proposals but areas where savings are likely to be derived include:

- Cutting budgets on supplies and services spend
 - Reducing staff establishment posts and managing agency spend
 - Re-organising and restructuring parts of the directorate
 - Identifying potential reductions of management and supervisory posts within directorates
 - Increasing discretionary fees and charges
 - Maximising opportunities for grant funding where available
27. In considering the mix of savings proposals the Section 151 Officer must be content that a balanced budget can be set and therefore, particularly in 2014/15, a significant element of the savings should still come from “traditional” discrete directorate sources of savings. It will be important that checks on the robustness of savings proposals continue to be considered as savings proposals develop. Given the scale of the financial challenge it is inevitable that there will be an increased level of risk attached to achieving the savings proposals identified as part of the budget setting process and the level of this risk and potential mitigations to reduce it will need to be considered as part of the budget process. The following diagram provides a useful exemplification of the potential interaction between savings.



28. The Council faces a significant financial challenge for 2014/15 and beyond. In recognition of this and as part of the overall Budget Strategy the Council may need to implement measures during 2013/14 to increase as far as possible its options in respect of the 2014/15 budget setting process. The aims of these measures would be to partially mitigate the risk of the Council not achieving a balanced budget for 2014/15 and would need to be undertaken following consultation with members and trade unions.

29. Measures could include but not be limited to seeking early expressions of interest from officers in respect of the voluntary severance scheme, consideration of the renewal of contracts with external suppliers as they become due and identifying a freeze with regard to vacancies and non-essential expenditure. Generally the introduction of these proposals will be considered as the budget process progresses and will be informed by the emerging 2013/14 budget monitoring position. The exception to this is to seek expressions of interest from officers in respect of the voluntary severance scheme as this is included as a recommendation for approval in this report

The 2014/15 Budget Reduction Requirement

30. The Budget Reduction Requirement identified for 2014/15 in the February 2013 Budget Report was £27.8 million excluding any new growth proposals and including only known and costed commitments although experience has shown that additional expenditure which is effectively committed will also emerge. The gap will have to be closed through a combination of savings from directorates, use of reserves or increases in the rate of council tax.
31. The Council's Statement of Accounts for 2012/13 is currently on deposit and will be audited at the end of this period. These unaudited accounts show that the level the Council's General Fund Reserve was £11.548 million a similar level to the year before and its earmarked reserves has decreased from £47.822 million in 2011/12 to £40.563 million in 2012/13. It should be noted that the Council's general reserves are at 2.12% of its net expenditure which is below both the Welsh and English averages.
32. The Council's strategy for holding and utilising reserves is set out in its Financial Procedure Rules and members, following advice provided by the Section 151 Officer, consider both the level of reserves held and whether any amounts should be used to support the budget setting process. As part of this consideration members are made aware that the use of reserves is finite in nature and therefore care is required to ensure that their use does not create a significant budget gap which must be filled in the following year.
33. In setting the Council's budget strategy for 2014/15 it is acknowledged that the budget setting process must be flexible enough to react to both unknown and anticipated but not fully quantified financial risks and challenges. As already identified the risks attached to the 2014/15 budget setting process will be greater due to the quantum of savings to be found and the ongoing uncertainty in respect of funding. The consideration of the appropriate level of general and earmarked reserves will be part of the consideration of these financial risks.
34. The WG requirement for councils to protect the delegated schools budgets and social care budgets was introduced in 2011/12. The last year of protection for social care budgets was 2013/14 however the protection for delegated schools budgets remains in place for 2014/15. Based on Welsh Government's indicative budget for 2014/15 delegated

schools budgets are required to be increased by a minimum of 1.27%. The impact of reductions to the overall Welsh Government budget could result in a reduction in this percentage. Assuming that Welsh Government maintain the position that social care budgets are no longer protected then councils will have choice in respect of both the savings and pressures to accept in this area. However it should be noted that historically this has been an area experiencing year on year demographic and fee pressures.

Risk

35. In addition, the risk assessment process carried out as part of the 2013/14 budget preparation identified significant operational and financial challenges in the medium term. These included:

- Continuing demographic demand for social care services if trendlines vary significantly from the anticipated position.
- The impact of welfare reforms on the ability of individuals to contribute to the cost of services provided where relevant.
- Reducing demand for services where the Council has historically charged for the activity and so creating an income shortfall.
- The reduction in resources for various central education functions with the requirement for schools to purchase the services from their delegated budgets.
- Necessity to deliver budgeted savings from service redesign and other change proposals that are not currently fully defined.
- The need to deliver significant levels of savings during a period of extensive change in senior management arrangements.
- The service impact of the continuing reduction in headcount expected over the medium term.
- The ability to react to new demands resulting from welfare reforms as they are progressively implemented together with financial risks in respect of the Council Tax Reduction Scheme.
- The level of additional borrowing undertaken in previous years and proposed will require more revenue resources to be used for capital financing in future years.
- Capital schemes that are approved on the basis of generating savings, increasing income or capital receipts but which fail to do so will also increase pressure on the revenue budget.
- The impact of the potential adoption of alternative models of service delivery and the requirement to test consequential costs and benefits of the change.
- The impact of continuing to increase the support of revenue budgets from the Civil Parking Enforcement reserve.
- The achievement of the capital financing budget should the dividend from Cardiff Bus not be forthcoming in 2013/14.
- The result of the WG review of the Council Tax Reduction Scheme for 2014/15 if this changes the 100% exemption position being used for 2013/14.
- The potential impact should the level of Residence & Special Guardianship allowances be increased.

- The impact of functions delivered as part of a collaborative arrangement should the planned benefits not be realised.
 - The outcome of the joint review between the Council and the WG in respect of the next three year funding provision for the Harbour Authority.
36. The impact of these challenges are reviewed as part of the financial monitoring process and through the Corporate Risk register both of which are reported regularly to the Cabinet Audit Committee and the Senior Management Team.
37. Welsh Government will continue the protection for delegated school budgets for 2014/15 but there has been no announcement as yet on further years. The working assumption is that some form of protection will be required for future years. In addition, the Welsh Local Government Association has committed to achieving a delegation rate of 85% for each Local Authority by 2014/15. The Cardiff rate for 2013/14 is 83.98% and consideration will need to be given as to whether any further services can be delegated once the impact of further cuts to education and protection to schools is factored into the revised delegated position.
38. Historically, there have been efficiency savings achieved from Individual School Budgets such as the funding of the School Organisation Plan and also 25% of the increase in pupil numbers from 2012/13 and following years has been used to support ICT Improvements. However, these resources have been retained within the overall schools budget rather than being used to support the Council's general budget.

Budget Principles

39. The preceding paragraphs form the backdrop to a challenging budget exercise for 2014/15 and in the medium term. As part of the budget preparation work, the current MTFP has been updated at a high level for financial planning purposes for 2014/15. Further information in respect of this is included later in this report together with associated scenario planning. This exercise has identified the key budget principles in respect of the Budget Strategy report.
40. As a result the updated MTFP suggests that in order to stand still in financial terms, there could be a budget gap of circa £33 million which will need to be closed by savings, council tax increases and the use of reserves. The main expenditure assumptions within the budget gap are a 1% pay award for all employees and a 1% increase in the employer's superannuation contribution following the Actuarial review. It also assumes no general uplift for inflation but takes account of demographic growth in social care, the closure of Lamby Way and commitments in respect of the learning disability resettlement grant, landfill tax and full year effects.
41. The MTFP also includes the third year of a number of medium term policy initiatives in respect of the Highways Asset Management Plan, the Cardiff Enterprise Zone, business process improvements and ICT

refresh. These holistic initiatives will be considered as part of the 2014/15 Budget Report.

42. The main funding assumptions in respect of Aggregate External Finance (AEF) for 2014/15 from WG have been significantly scaled back so that no increase in cash on the 2013/14 levels is assumed and headroom in respect of the risk that there is a further reduction in cash funding of just under £3 million or 0.6% is included. This would represent a swing from +1.27% to -0.6% an adverse cash movement of £8.4 million and highlights the seriousness of the financial position facing the Council. Later years of the plan have been updated to reflect a 2% reduction in AEF which is in line with WG's 2015/16 cut from Central Government following the recent Spending Review.
43. This budget gap could potentially decrease or increase subject to WG's decisions in respect of funding levels for 2014/15. Until this position is clarified the Council will plan for £33 million with the budget gap covering the cost to the Council of:
 - Full year effect and future year implications of the 2013/14 budgetary decisions.
 - Areas of significant inflationary and demographic pressures.
 - A current view of WG funding given the emerging picture in respect of the indicative funding level from the WG
44. The MTFP currently contains no additional specific provision in respect of the Council Tax Reduction Scheme. This Scheme was implemented in 2013/14 and interim funding was made available by the WG. The Minister for Local Government and Government Business advised the WLGA in a letter dated 18 June 2013 that she may be prepared to consider contributing to the shortfall resulting from increases in underlying demand for spending on the Council Tax Reduction Scheme but not those increases which are as a result of local decisions to increase council tax rates. The proposal is to be discussed in more detail and at present there is clearly a significant lack of clarity in respect of the operation of the scheme in 2014/15 both in terms of its implications on claimants and the Council's funding.
45. Given the lack of clarity currently in respect of indicative funding levels from WG it is recommended that Cabinet delegate to the Interim Head of Paid Service in consultation with the Cabinet Member for Finance, Business and Local Economy the authority to identify an alternative budget gap requirement subject to further clarification being provided by the Welsh Government.
46. The financial pressures included in the MTFP have been revisited to ensure they are still necessary. Any new items proposed for inclusion in 2014/15 or beyond must be integral to the achievement of the identified savings drivers, have a direct link to the achievement of priority outcomes in the Corporate Plan or assessed as a firm invest to save initiative.

47. The Council's base budget as set out in the 2013/14 Budget Report is £593 million. However, savings cannot be made against a significant portion of this spend. Exclusions from the Council's base budget total £323 million and this reduces the controllable base budget from which savings can be made to £270 million. The most significant exclusion of £197.1 million is in respect of delegated schools and is set out by WG as part of the protection requirement as previously identified. Other exclusions are in respect of capital financing, precepts and policy and contractual commitments. These exclusions significantly reduce the areas from which the savings proposals required can be identified and consequently increases the percentage savings target that the directorates are given in respect of their controllable budgets.
48. The further adjustment of £16.6 million in respect of central transport services and facilities management budgets reduces the adjusted controllable base budget to £253.4 million. It is recognised that significant savings of £3.9 million in total have already been identified from these areas over the past two years. It is considered unreasonable to expect that further savings due to efficiencies alone are realisable and the achievement of the 2013/14 savings in this area has been identified as a significant risk to the Council's monitoring position. Savings as a result of demand reductions may be possible and if these are achieved by directorates they will be included against the relevant targets for these areas.
49. As part of directorate savings target calculation a position is required in respect of how social care budgets will contribute to the 2014/15 savings target. The adjusted controllable base budget for social care totals £135.5 million which accounts for over half of the total figure. Given the historic position that social care savings targets have proved difficult to achieve the assumption is that social care will identify savings to meet the growth identified for their respective directorates within the MTFP and this results in a savings target of circa 4.5% across social care. Using the controllable budget base figure of £253.4 million, the requirement to meet the above mentioned gap of £33 million and adjusting for social care, results in a requirement for directorates, excluding social care and individual schools budgets, to propose savings of 23.5% of their controllable budgets. The level of savings percentage is unprecedented and presents a significant financial challenge for the Council.
50. The 2013/14 Budget Report identified cuts to grants to third parties and approved an across the board reduction of 10% with a minimal number of higher reductions and exemptions. The Council has been working closely with the sector planning forum and transitional funding was identified as part of the 2013/14 budget to provide assistance to grants organisations to identify alternative support and or adjust to the lower funding level. Work is progressing within the Council to identify the strategy for a further significant reduction to grants and this will be considered by Cabinet in September.
51. Lastly the proposed saving percentage of controllable budgets includes a savings proposal in respect of contributions to joint committees of 10%.

52. Given the unprecedented level of savings required both in 2014/15 and beyond it will be important that the savings proposals identified are robust and deliverable. As the risks attached to the 2014/15 budget setting process will be greater than in previous years work will take place throughout the budget preparation process and will be informed by the emerging in year budget monitoring position in order that:
- There is a shared understanding and ownership of savings at an early stage.
 - The risk of duplication of savings is minimised.
 - Transparency of all savings to ensure clarity at scrutiny and other consultation forums.

Updating the Medium Term Financial Plan

53. The MTFP contained within the 2013/14 Budget Report identified a base case where the gap between expenditure and financing stood at circa £64 million over the period to 2016/17. This cumulative gap can be found through a combination of service area savings, use of reserves or increases in the rate of council tax. The 2013/14 Budget Report included a number of budget reduction scenarios the worst of which lead to a shortfall of £97 million across the three year period. The current uncertainty in respect of future funding levels from Welsh Government increases the importance of continuing to develop and consider these scenarios as part of the ongoing budget strategy process. The following paragraphs where possible refresh these scenarios from the February report.
54. Given the difficulties inherent in predicting future spend and funding, a sensitivity analysis was also undertaken around some of the key variables of the plan to consider potential best, and incrementally worse scenarios. These ranged from a highly optimistic £48.6 million to a worse case scenario of £97.5 million.
55. The best case scenario was calculated by removing the 1% pay award assumption within the base £64.5 million MTFP position, thus keeping pay grades static over the plan period. It also took a conservative view of the potential increase in Employer's superannuation contributions following the forthcoming Actuarial Review. It also reversed the Aggregate External Finance (AEF) damping assumptions within the base plan, taking the view that 2014/15 AEF would be comparable to the indicative figures provided as part of 2013/14 settlement.
56. The worse case scenario was calculated by flexing the same key variables in a pessimistic manner, by taking a less optimistic view of the outcomes of the actuarial review, assuming a 2% pay award in line with the Bank of England's inflation target and incorporating a 2% per annum reduction in AEF. These changes in assumptions increased the pressures identified in the base MTFP position by £33 million, taking total estimated pressures over the plan period to almost £98 million. This

demonstrates how quickly marginal changes in key variable can affect the financial outlook.

57. In setting the 2014/15 Budget Strategy, the MTFP has been updated. The base position and associated scenarios are outlined in the table below:-

	2014/15 £000	2015/16 £000	2016/17 £000	Total £000
Base MTFP Position	33,000	27,723	28,018	88,741
Best Case Scenario	25,695	23,323	23,618	72,636
Worse Case Scenario	49,830	38,241	38,358	126,429

58. The revision of the £33 million base MTFP position for 2014/15 is covered elsewhere in this Report. The revised figures in subsequent years in respect of the base position now assume a 2% AEF reduction based on WG's 2015/16 cut from Central Government in the June 2013 Spending Review. As detailed elsewhere in the report, this will not necessarily translate into a straight 2% cut for Local Government, as much will depend on WG protections, but this has been assumed as the base position in the absence of any more definite information.
59. The best case scenario still assumes no pay award over the plan period and takes an optimistic (but still realistic) view of actuarial outcomes. In terms of AEF for 2014/15, it assumes the WG would protect the Welsh NHS, but only from the impacts of the £81m cuts – i.e. that there would be no further redistributive protections across the sector for inflation etc.
60. The worse case scenario takes a slightly less optimistic view of the outcomes of the actuarial review and assumes that in future Cardiff may not receive its full quota of Outcome Agreement Grant following recent WG announcements to changes in the operation of the grant. It assumes a 4% per annum reduction in AEF from 2015/16 onwards and for 2014/15 it assumes that the WG would employ protection for the NHS over and above the level of the £81m cuts (i.e. that there would be redistributive protection.)The 4% reduction is based on the WG Ministerial warnings to expect English style scenarios in future, along with recent WLGA correspondence that indicates that English Councils have experienced an average cash reduction of 4% year on year between 2011/12 and 2014/15.
61. It should be noted that the March Budget Statement also brought forward by one year the changes in respect of single tier pensions so that these will now take effect within the final year of the plan, 2016/17. These changes will have a significant impact on the Council's Employers' national insurance contributions which are not yet reflected within the above figures. This involves a complex calculation and figures will be fed into the plan at further update points.

Beyond 2014/15

62. The extent of financial challenge beyond 2014/15 is unclear but the scenarios above show a continued period of restraint which would result in savings targets for controllable budgets which will be hugely challenging particularly given their cumulative impact. The severity of the financial task ahead is such that it is likely to result in significant changes to how local government services are delivered.
63. The protection position adopted by WG in respect of delegated schools budgets will be difficult to maintain in light of the financial challenge ahead and the Council will also need to consider its position in respect of social care savings targets. Without changes to these positions the sustainability of the Council's non-protected services under the worse case scenario would need to be considered. The Council's ongoing scenario planning will need to consider the impact of potential changes on the controllable base budget calculation. Work will also be undertaken to develop and where relevant consider recommendations to achieve these further savings whilst minimising where possible the impact on service delivery.

Consultation

64. The proposed Budget Timetable for 2014/15 is included at Appendix 1 and refers to the involvement and consultation that will take place through the period in respect of Council Tax Payers, the third sector, the Budget Forum, Scrutiny Committees, Trade Unions, and statutory consultation with schools. It should be noted that a new approach to public consultation on the draft Council Budget was launched as part of the 2013/14 Budget Report to collect views from the public and interested parties. The consultation asked for responses to the following:
- Views on the overall budget proposals.
 - Views on the proposal to freeze Council Tax.
 - Views on the key principles that have been considered when preparing the budget proposals.
 - Any alternative proposals to save money or change the way the Council provides services.
 - Anything else the Council should consider when it finalises next year's budget.
65. The response to this additional opportunity for consultation was well received albeit suggestions and improvements for the process and the documents upon which consultation takes place will be considered to see whether any improvements can be made.

Capital

66. It is clear that as central government capital funding has reduced, local government has had to find a greater share of its capital funding requirement.

67. Work carried out by Welsh Local Government Association has established that since 2005/06 there has been a 400% increase in the value of prudential (additional) borrowing undertaken by councils in Wales and in 2011/12 for the first time it became the biggest single source of funding for capital expenditure. However, they found concerns amongst local authorities that their unique power in the Welsh public service to borrow may bring an unrealistic expectation from stakeholders about their ability to undertake more long term borrowing than they can prudently afford to do given reducing revenue budgets. As at 31st March 2013, the Council had undertaken external borrowing of £455 million.
68. Members will be aware that the Council's General Fund Capital Programme for 2013/14 to 2017/18 demonstrated the cumulative need for additional borrowing and general capital receipts of £131 million and £5.3 million respectively and included the impact of the forecast cut in WG capital funding of 40% by 2013/14.
69. Following the increasing level of planned unsupported borrowing as part of the Capital Programme the Section 151 Officer will continue to monitor the affordability of borrowing to ensure that long term borrowing is affordable. The local affordability indicators that were developed as part of the 2013/14 budget setting process will be updated to consider the implications of the Capital Programme for 2014/15 to 2018/19.
70. The Budget Strategy report already identified worsening scenarios in respect of MTFP budget reductions. This will have an impact on previously calculated local affordability indicators which are likely to increase as the Council's controllable base budget against which to make savings reduces. Increasing local affordability indicators identify reducing flexibility as once unsupported borrowing has occurred the commitment to use revenue budgets to meet the associated capital charges remains for a period of circa 25 years. Given this increasing pressure a review of all schemes included within the Capital Programme will be required as part of the Budget Setting process.
71. Although this leaves little scope for new schemes it is important to provide opportunities for new investment that is affordable, sustainable and are in accordance with the council's corporate priorities. Guidance on the Councils invest to save process will be re-circulated to service areas who must work closely with financial services to develop their proposals. These schemes must:
- Be self financing over a prudent period of time through revenue savings or additional income all to be demonstrated by a robust business case. This includes expenditure that is essential in delivering the savings drivers identified in budget proposals
 - Attract a significant level of partner/external grant support where a council contribution is also required.
 - Be self financing by releasing land and property with certainty of disposal within a short period of time
 - Be as a result of unavoidable pressures

72. In respect of annual sums allocated as part of the Capital Programme, opportunities for efficiency savings will need to be considered in order to allow prioritisation of resources, deferral of some expenditure so essential new schemes can be prioritised or external funding which is available can be used first. This is particularly the case with developers contributions held.
73. Where capital schemes are to be delivered by directorates, any savings proposals offered will need to consider the impact on ability to deliver capital schemes. Slippage of the Capital Programme and ability of the Council to deliver capital schemes has previously been an issue recognised by the Wales Audit Office. Whilst often outside of the Council's control, it is important that levels of slippage are minimised. It is also important that the Council retains the capacity to bid for and secure external grant funding which has historically been an essential source of securing investment in strategic and local schemes.
74. Within this environment of reducing capital resources the Council will continue to consider what innovative approaches to securing funding for schemes may be available. This will include working in partnership with a range of public and private sector partners and lobbying WG to make available flexibility to allow new funding sources to be explored.

Future Developments

75. The WG have established a Commission to review Public Services and this has been set against a context of drastic financial cuts and a perception of poor performance across elements of the entirety of the Welsh public sector. The Chair of the commission, Sir Paul Williams, has already indicated that local government will be one of the main areas of which the commission will focus. The commission is to produce a report for the First Minister by the end of the year and is to concentrate on the following six key themes:
- Performance and outcomes
 - Scale, capability and capacity
 - Complexity including the effectiveness of partnership working
 - Culture and leadership
 - Governance, delivery and scrutiny
 - The role of the Welsh Government in a maturing devolved context
76. On the 18 June a consultation document was issued following a review undertaken by Robert Hill in respect of The Future Delivery of Education Services in Wales. The Council is in the process of considering the report and identifying responses to the consultation, it is however apparent already that the implications of the report in respect of the future delivery of education services are significant and includes recommendations that the number of local authorities education services are reduced by a third by April 2014 and that regional consortia are funded by top slicing Council's AEF funding. Responses to the consultation are due by September and the Council will monitor carefully the position in respect of implications for 2014/15.

77. The Council will also continue to work to understand the financial and wider implications as a result of the welfare reforms in Wales as these become clear. For 2013/14 the Welsh Government implemented the Council Tax Reduction Scheme and as an interim scheme with funding. However the position for 2014/15 is not clear and clarity will be required at an early date in respect of this.
78. The Council has also been made aware of changes to be made to the existing Outcome Agreement Grant. These changes will include both performance against the existing National Strategic Indicators and standards of corporate and service governance as reflected in the findings of the main regulators and inspectors. Currently the existing Outcome Agreement Grant is built into the Council's baseline budget at the level of 75% of £3.2 million based on the fact that the assessment criteria is challenging. The revised approach as set out in the Minister's letter of 13 May 2013 and the draft guide which has been made available sets out an even more challenging assessment regime.
79. Consideration will also be given to potential Housing Revenue Account (HRA) reforms which could be introduced from April 2014. The Welsh Government is currently in discussions with the Treasury and a Housing Bill is to start its passage through the Assembly in the Autumn of 2013. It is proposed that the Bill will include provisions which will enable the Housing Revenue Account Subsidy to be abolished in Wales and introduce new self-financing arrangements. The Council will closely monitor how this progresses.

Reasons for Recommendations

80. To seek Cabinet approval for the budget strategy in respect of 2014/15 and in particular the budget principles identified within the report and to allow officers to commence preparatory work through the identification of saving proposals amounting to 23.5% of controllable budgets excluding protected services as set out in the body of this report.
81. To note the budget timescale and forward to Council for approval.

Legal Implications

82. It is the responsibility of the Cabinet to receive financial forecasts, and develop a medium term financial strategy with a view to proposing a budget for the Council to approve. There are no direct legal implications arising from this report. Any specific legal issues will be addressed in detail as part of the proposed budget preparation.

Financial Implications

83. The report sets out the budget strategy for 2014/15 which has as its context, the worsening financial challenges facing the public sector in the medium term. However the Council's ability to plan effectively for this financial challenge is compromised by the significant uncertainty that

currently exists in relation to the level of WG funding for 2014/15 and beyond. Once clarity in respect of levels of funding is established the Council will need to be able to act quickly to consider savings proposals to meet the budget reduction requirement.

84. As stated in the report the potential budget gap of £33 million has been proposed in the absence of a clear indication from WG on what the indicative AEF figure for councils in 2014/15 will be. In response to this the Council has updated the scenarios within its MTFP and recommends that given this position the Interim Head of Paid Service in consultation with the Cabinet Member for Finance, Business and Local Economy is delegated authority to identify an alternative figure when further clarity is obtained.
85. A directorate savings target of 23.5% of controllable budgets is unprecedented and radical changes will be required to ensure that a balanced budget can be achieved. This is in addition to the significant budget reductions the Council has made over a number of years as shown in the following table:

Budget Savings

Year	£M
2013/14	22.4
2012/13	14.4
2011/12	22.0
2010/11	14.0
2009/10	8.7

86. The report contains information in respect of the Council's base budget and the identified exclusions and adjustments which reduce this to the adjusted controllable base budget against which savings are identified. These reductions increase the percentage savings target that the directorates are given in respect of their controllable budgets. This target is impacted significantly by WG's protection of schools budgets and the Council's decisions in respect of savings required from social care budgets.
87. The report identifies scenarios in respect of the MTFP which if realised would result in financial sustainability issues for the remaining directorates. The Council's ongoing scenario planning will need to consider the impact if changes are made to this controllable base budget calculation as a result of changing policy decisions at a WG and Council level in respect of both schools and social care.
88. In proposing savings or pressures for 2014/15, directors will undertake a formal risk assessment exercise in order that members are aware of any likely consequences when considering options. In accordance with the Equality Impact Assessment duty, they will also consider their proposals in this context through working with the Council's Equalities Officer. Directors will also need to consult with Trade Unions particularly where proposals impact on employees.

89. In this challenging financial environment it is vital that savings proposals are robust and that significant changes to business processes do not impact on the financial control environment in a negative manner. In addition to the formal risk assessment process the Budget Report will need to consider the increasing level of risk attached to budget savings proposals and what mitigations it is able to put in place in respect of this.
90. The report also sets out the continuing bleak picture of the quantum capital resources in the medium term and confirms that there is little opportunity for new schemes unless they can be seen to be self financing. The scarcity of resources adds to the pressure to ensure that the activity profile behind any funding approved is accurate and slippage minimised. Work was been undertaken in 2012/13 to understand the reasons for and response to slippage within the Capital Programme and officers are regularly reminded of the need to provide accurate and update forecasts in respect of capital spend.
91. Following the increasing level of planned unsupported borrowing as part of the Capital Programme the Corporate Chief and Section 151 Officer the local affordability indicators that were developed as part of the 2012/13 budget setting process. The indicators within the Budget Report showed the capital financing costs of the Council as a percentage of its controllable budget and excluded investment income. The figures included in the 2013/14 Budget Report were as follows:-

Capital Financing Costs as percentage of Controllable Budget								
	2011/12 Actual %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %	Difference 11/12-17/18 %
Net	13.47	13.96	13.83	14.98	15.68	16.01	16.20	20.27
Gross	15.17	15.94	16.43	18.18	19.24	19.86	20.00	31.84

92. An increasing ratio indicates that a greater percentage of the budget that is controllable is required for capital financing costs which are committed in the long term. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. This clearly limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources.
93. The Budget Strategy report has identified that these local affordability indicators will increase as the Council's controllable base budget against which to make savings reduces. Given this increasing pressure a review of all schemes included within the Capital Programme will be required as part of the Budget Setting process.
94. In setting the Council's budget strategy for 2014/15 it is acknowledged that the budget setting process must be flexible enough to react to both unknown and anticipated but not fully quantified financial risks and challenges.

95. When setting the budget for 2014/15 the Council will consider the level and sufficiency of both general and earmarked reserves. The Council will risk assess its need to hold reserves, which may be needed for sudden, unexpected spending pressures. These risks become greater in the current financial climate.

HR Implications

96. The report outlines the significant financial challenges facing the public sector and whilst there is current uncertainty in relation to the level of WG funding for 2014/15 and beyond, once that becomes clear, the Council will need to respond quickly to identify and consider deliverable savings proposals to meet the budget reduction requirement.
97. The potential budget gap of £33m has unprecedented people implications associated with actions necessary to be taken to manage the financial pressures facing the Council as outlined in this report. Preparing savings proposals on budget reductions will inevitably impact on costs particularly in those directorates where staff costs represent the most significant element within the overall budget.
98. From July to September Directorates will commence the process of developing and discussing financial planning scenario options with a view to consulting on savings proposals with the trade unions ahead of approval of the Corporate Plan and Budget in February 2014. It will be essential that there continues to be appropriate consultation on proposals which are taken forward by the Cabinet
99. In addition to the use of the Council's Voluntary Severance Scheme which is already referenced in paragraph 28 and recommendation 1 of this report, other mechanisms available within the Employee Support Framework to support these significant challenges include
- continued use of the Flexible Retirement Policy
 - a strengthened Redeployment Policy & Procedure and support for those ultimately displaced including a Competency Assessment Toolkit and re-training and re-skilling opportunities via the Cardiff Council Academy etc to assist the process.

Works Council also recently endorsed the Wales TUC programme for developing Union Learning Representatives (ULR's) to support members with training and development to support new skills.

100. Cabinet may wish to consider whether they wish to introduce additional mechanisms concerning the advertising and filling of posts.
101. Additionally there will be a continued focus on reducing agency spend with particular emphasis on agency workers covering vacant posts. Where possible these posts could be used for redeployment purposes for those potentially displaced.

102. Through the above mechanisms and through appropriate workforce planning the Council will continue to seek every opportunity to avoid compulsory redundancies where possible.
103. There are potentially a number of approaches that could be explored to achieve savings which could include led by Cabinet (e.g. discussion on alternative delivery models, partnership & collaboration service reductions), led by business process efficiency changes (e.g. current projects and functional approach to service redesign) and those which could be Directorate led i.e. reducing staff, restructure of services/flattening of structures, maximising grant funding, increasing fees). Many of these will have people implications which will need to be considered at an early stage in consultation with the Trade Unions and staff impacted.
104. The ability to express an interest in being released on the grounds of voluntary severance is open to all and there are currently 325 people registered on the database. On average a dozen expressions of interest are received each week so this is kept up to date.
105. We also have a process ready should there be a requirement to undertake any "bumping"; however to date this has not had to be used and the level of resource required to support this process needs to be carefully considered.
106. We do not currently provide figures to all people who express an interest although the VS calculator is available should an individual want this information. This is due to the resources required in providing individual figures from HR if staff are under the age of 55 or not in the pension scheme and Pensions if they are aged 55+ and in the Pension Scheme. However figures are provided to managers, for sharing with the individual, if the manager notifies us to let us know that they can seriously consider the request.

RECOMMENDATIONS

The Cabinet is recommended to:

- (1) Agree that the Council seeks expressions of interest from officers in respect of the voluntary severance scheme.
- (2) Agree the Budget Principles on which the Budget Strategy report is based.
- (3) Agree that directorates work with the relevant Portfolio Cabinet Member, in conjunction with the Section 151 Officer and Cabinet Member for Finance, Business and Local Economy to identify potential savings to meet the indicative budget gap of £33 million.
- (4) Delegate to the Interim Head of Paid Service in consultation with the Cabinet Member for Finance, Business and Local Economy the authority to identify an alternative budget gap requirement subject to further clarification being provided by the Welsh Government.

- (5) Propose that Council agree that the budget timetable set out in Appendix 1 be adopted and that the work outlined is progressed with a view to informing budget preparation.

MARCIA SINFIELD

Interim Section 151 Officer

16 July 2013

The following appendix is attached:

Appendix 1 - Proposed Budget Timetable 2014/15

The following background papers have been taken into account;

Letter from Lesley Griffiths – Minister for Local Government and Government Business – 23 May 2013

WLGA Funding Outlook Position Paper, Finance Sub Group, 2nd July 2013

PROPOSED BUDGET TIMETABLE 2014/15

July 2013:	Budget Strategy report considered.
July – September 2013:	Directorates developing financial planning scenario options.
October 2013:	Initial meetings re preparatory budget work.
October 2013:	Provisional Budget Settlement received.
December 2013:	Council approval of Council Tax Base.
December 2013:	Final Budget Settlement received.
January 2014:	Fine-tuning of budget proposals and consideration of medium term plans.
February 2014:	Approval of Corporate Plan and Budget.

In addition, throughout this period there will be continued involvement and consultation with Council Tax Payers, the grants sector, the Budget Forum, Scrutiny Committees, Trade Unions, and statutory consultation with schools.