

TITLE OF REPORT: CORPORATE BUSINESS PROCESS 2012/13 (BUDGET SETTING)

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

1. PURPOSE OF REPORT

- 1.1 To inform the Area Committees of the decisions resulting from Cabinet on the 13th December 2011 on the 2012/13 draft budget.
- 1.2 To seek the views of Area Committee Members on the efficiency and investment proposals included in the draft budget for 2012/13.

2. FORWARD PLAN

- 2.1 This Report contains a recommendation on a key decision to be taken by Council on 9th February 2012 that was first notified to the public in the Forward Plan on the 1st September 2011.

3. BACKGROUND

- 3.1 The Council's Medium Term Financial Strategy (MTFS) was adopted by Full Council on the 8th September 2011 following recommendation by Cabinet.
- 3.2 In order to balance the budget and not have an increase in Council Tax, the MTFS suggested it would be necessary to find savings of £0.5million in 2012/13 and at least as much again in each of the subsequent years.
- 3.3 However, it was also recognised that some of the New Homes Bonus could be used for investment in Council priorities over the life of the bonus scheme while the remainder is required to continue the delivery of services in the face of other government funding reductions. As such, an allowance of £150k for one-off items of expenditure is included in the draft budget. Any further new investment will require more savings to be made in services.
- 3.4 The strategic direction and key principles of the delivery of council services were discussed at a first round of Member Workshops in September and the steer provided by Members was used by service areas to continue the work on development of future efficiency and investment proposals.
- 3.5 The process of seeking more efficient ways of working continued after the setting of the 2011/12 budget and as a result a number of ongoing efficiencies will be implemented in 2011/12 to deliver savings in 2012/13 without having a detrimental impact on front line services. These efficiencies are the result of identifying more efficient ways of delivering the same services and will have been discussed with the relevant Portfolio Holder.

- 3.6 A list of potential further efficiency proposals was discussed with Members at a second set of workshops in November. Comments made by Members at these workshops, together with officer comments, were appended to the 2012/13 draft budget report.
- 3.7 The 2012/13 Draft Budget was reported to Cabinet on the 13th December 2011. The report outlined the draft budget proposals based on information available at the time. **It was highlighted that these were provisional figures and further work remained to be done to refine the estimates before the final budget recommendation in January/February 2012.**

4. ISSUES

- 4.1 Cabinet noted the comments made by Members at the November Member Workshops and requested the removal from the list of efficiency proposals of Items E6 (Reduction in funding for Herts Young Homeless Group) and E7 (Termination of Out of Hours noise control service). Cabinet also asked officers to report back on a fresh proposal for E5 (Civic Reception) to take account of the discussion at the meeting on charging Members for attendance at the reception.
- 4.2 The complete Cabinet report (as amended), *Corporate Business Planning - Draft Budget 2012/13*, is attached to this report for information and includes the lists of efficiency and investment proposals in appendix 2,3 and 4. The report has been amended to reflect the changes to proposals E5, E6, E7 as detailed in 4.1.
- 4.3 The budget estimates will continue to be refined for the final budget report to be presented to Cabinet on the 24th January 2012. Comments from the Area Committees will be incorporated into the final budget report.

5. LEGAL IMPLICATIONS

- 5.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.
- 5.2 Members are reminded of the duty to set a balanced budget and to maintain a prudent balance.

6. FINANCIAL RISK IMPLICATIONS

- 6.1 As outlined in the body of the draft budget report.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 As outlined in the body of the draft budget report.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 The Council consults on the proposals in the draft report with the Business Rate Payers Group and with Area Committees at these meetings in January.

9. RECOMMENDATIONS

- 9.1 That the Area Committee provides its views and/or comments on the draft 2012/13 budget and in particular the efficiency and investment proposals listed in Appendices 2,3 and 4 to the Draft Budget Report. (Appendix A).

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure that all relevant factors are taken into consideration when arriving at the proposed Council Tax precept for 2012/13.

11. APPENDICES

- 11.1 Appendix A - Cabinet report (as amended) from 13th December 2011, *Corporate Business Planning - Draft Budget 2012/13* (including Appendices 1 to 6).

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