

**TELFORD & WREKIN COUNCIL**

**COUNCIL – 22 NOVEMBER 2012**

**BUDGET CONSULTATION**

**REPORT OF THE ASSISTANT DIRECTOR: FINANCE, AUDIT &  
INFORMATION GOVERNANCE (CHIEF FINANCIAL OFFICER)**

**1.0 SUMMARY**

There is currently considerable uncertainty over the date that the Government will announce the provisional local government finance settlement. The settlement cannot be announced before the Chancellor's Autumn statement which is scheduled for 5<sup>th</sup> December but has to be announced on or before 31<sup>st</sup> December. The Council's constitution requires the Cabinet to publish its budget and policy proposals before the end of December. Clearly, if the provisional settlement was announced very late in December, and there is a very real chance that it might be, it would not be possible for the Cabinet to issue its proposals by this deadline but it would do so as soon as possible in very early January.

**1.1 INFORMATION.**

The Council's constitution includes a section on budget setting. This includes the following references:-

***“Process for Developing the Framework***

*The Council is responsible for the adoption of the budget and policy framework. The process by which the budget and policy framework shall be developed is:*

*Before the end of December each year the Leader and Cabinet Executive will publicise its policy and budget proposals, together with a timetable for taking final proposals to the Council and arrangements for consultation. There will be a minimum 4 week consultation period.”*

If the Government is able to announce the provisional local government finance settlement in a timely way the deadline of publishing the budget proposals before the end of December is achievable. However, major changes are being made by the Government to the local government finance system which come in to effect next year and the date for the Autumn statement has been announced as 5<sup>th</sup> December.

Given the comparative lateness of the Autumn statement and the extent of the changes to the local government finance system, there are informal indications that the provisional local government finance settlement could be delayed until late December. Despite requests, the Department for Communities and Local Government are unable to give an indication of when the provisional settlement will be announced other than that it will be after the

Autumn Statement but before the end of December. If the settlement was not announced until late December the Cabinet may not be able to publish its service and financial planning proposals by the 31<sup>st</sup> December deadline set out in our constitution, particularly with the Christmas break but it would clearly endeavour to do so as early in January as possible.

As a contingency two potential Cabinet dates have been identified for consideration of the service and financial planning proposals. These are 20<sup>th</sup> December 2012 which would clearly be in advance of the Council constitution's 31<sup>st</sup> December deadline and 10<sup>th</sup> January 2013. Publishing the papers for the 10<sup>th</sup> January meeting could meet the requirement to publish by the end of December, but is dependent upon us receiving details of the settlement in sufficient time for them to be analysed and the implications addressed.

Members are therefore requested to note that the Cabinet will publish its service and financial planning proposals as early as possible in order to maximise the period available for consultation which will run through to early February with the Cabinet making their final decisions and recommendations to full council at their meeting to be held on 28<sup>th</sup> February 2013 and full Council considering the proposals on 7<sup>th</sup> March 2013.

## **2.0 RECOMMENDATION**

**2.1** Members are asked to note the current uncertainty over the date that the Government will announce the local government finance settlement and agree that proposals can, if necessary, be published outside the constitutional timeframe.

## **3.0 SUMMARY IMPACT ASSESSMENT**

|   |   |   |
|---|---|---|
| <b>COMMUNITY IMPACT</b>                 | Do these proposals contribute to specific Priority Plan objective(s)?   |   |
|   | Yes   | Delivery of all priority objectives depend on the effective use of available resources.   |
|   | Will the proposals impact on specific groups of people?   |   |
|   | Yes   | It is likely that the service and financial planning proposals will include proposals for service reductions which will be subject to impact assessment and consultation. |
| <b>TARGET COMPLETION/DELIVERY DATE</b>  | The service and financial planning strategy will be published as soon as possible after receipt of the provisional local government finance settlement. |   |
| <b>FINANCIAL/VALUE FOR MONEY IMPACT</b> | Yes   | Financial impacts arising from the provisional local government finance settlement and the Council's medium   |

|   |     |   |
|---|-----|---|
|   |     | term service and financial planning strategy will be set out in the Cabinet once the provisional settlement has been received.  |
| <b>LEGAL ISSUES</b>                             | Yes | The possibility of late publication is subject to DCLG's timetable and accordingly not within the council's control. Publication in January does breach the constitution's provisions and could leave the council open to challenge. However, if Full council approves the departure from these rules in these extraordinary circumstances the chances of successful challenge are low. |
| <b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b> | No  |   |
| <b>IMPACT ON SPECIFIC WARDS</b>                 | No  | Borough Wide  |

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