



To: Executive Councillor for Strategy / Leader:  
Councillor Tim Bick  
Report by: Director of Resources  
Relevant scrutiny Strategy & Resources 21 Jan 2013  
committee:  
Wards affected: All Wards

### **Budget-Setting Report (BSR) - Revenue and Capital Budgets:**

- 2012/13 (Revised)
  - 2013/14 (Budgets) and 2014/15 (Forecast)
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### **Key Decision**

#### **1. Executive summary**

##### **Overview of Budget-Setting Report**

- 1.1 At this stage in the 2013/14 budget process the range of assumptions on which the Medium Term Strategy (MTS) was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for the finalisation of the 2012/13 revised and 2013/14 budgets.
- 1.2 Since the MTS document was agreed, errors were subsequently identified in the Council's budget forecasts in December 2012, which understated the Council's spending requirements. The errors occurred in the way actual spend within the Council's general ledger had been incorporated within the Council's financial model to project future spend.
- 1.3 The Council had asked Ernst and Young, the Council's external auditors, to undertake an external review of its financial forecasts in light of those errors. Ernst and Young have reviewed the work undertaken by the Council's finance team to re-base the Council's budget forecasts. Their preliminary findings indicate that the methodology the Council has used to re-base its budget forecasts is sound and therefore the Council has continued to prepare a budget for 2013/14 based on a forecast, which since MTS stage has been adjusted by £2.267m.
- 1.4 Ernst and Young are continuing to work to identify how the error happened, its impact and what changes the Council may need to make to its financial systems to make sure such errors do not happen again. The outcomes of their work, once it has been completed, will be reported to Civic Affairs committee.
- 1.5 The Budget-Setting Report, which is attached, provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and budget finalisation to be made at the meeting of the

Executive on 24 January 2013. All references in the recommendations to Appendices, pages and sections relate to the Budget-Setting Report (Version 1 – Strategy & Resources).

- 1.6 The recommendations that follow refer to the strategy outlined in the BSR.
- 1.7 This report recommends the approval of capital bids and funding proposals presented.
- 1.8 The Executive, at its meeting on 24 January 2013, will consider the detailed revenue bids and savings which have been proposed by Executive Councillors for their individual portfolios and will make final budget recommendations to Council, for consideration at its meeting on 21 February 2013.

## **2. Recommendations**

The Executive Councillor is recommended to:

### **General Fund Revenue Budgets:**

**[Section 4, page 45 refers]**

#### **Budget 2012/13:**

- a) Approve, with any amendments, the revised budget items shown in Appendix D.
- b) Approve, with any amendments, the Non Cash-Limit budget items for 2012/13 as shown in Appendix E.
- c) Approve, with any amendments, the overall revised budget for 2012/13 for the General Fund, as shown in Section 4 [page 45 refers] and Appendix G(a), with net spending at £22,536,390.

#### **Budget 2013/14:**

- d) Agree any recommendations for submission to the Executive in respect of:
  - Bids to be funded from External or Earmarked Funds as shown in Appendix H.
  - Non Cash Limit items as shown in Appendix E.
  - Revenue Savings and Bids as shown in Appendix F.
  - Priority Policy Fund (PPF) Bids as shown in Appendix I(b) – based on the position as outlined in Section 4 [page 45 refers].
- e) Note the Council Tax taxbase, as set out in Appendix C (a), as calculated and determined by the Director of Resources under delegated authority.
- f) Recommend to Council the level of Council Tax for 2013/14 as set out in Section 3, page 44 refers.

Note that the Cambridgeshire Police and Crime Panel will meet on 7 February 2013 to consider the precept proposed by the Police and Crime Commissioner, Cambridgeshire & Peterborough Fire Authority will meet on 11 February 2013 and Cambridgeshire County Council will meet on 19 February 2013 to consider the amounts in precepts to be issued to the City Council for the year 2013/14.

**Treasury Management:**

- g) Recommend to Council to approve:
- (i) the Prudential Indicators as set out in Appendix P(a) and to confirm that the Authorised Limit for external borrowing determined for 2013/14 will be the statutory limit determined under section 3 of the Local Government Act 2003,
  - (ii) to delegate to the Director of Resources, within the borrowing totals for any financial year within (i) above, to effect movement between the separately agreed figures for 'borrowing' and 'other long term liabilities',
  - (iii) the Treasury Management Annual Borrowing and Investment Strategies set out in Appendices P(b) and P(c) , and
  - (iv) the Council's Counterparty List shown in Appendix P(c), Annex 3.

**Other Revenue:**

- h) Delegate to the Director of Resources authority to finalise changes relating to any corporate and/or departmental restructuring and any reallocation of support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).

**Capital: [Section 5, page 53 refers]**

**Capital & Revenue Projects Plan: [section 5, page 50]**

- i) Approve project appraisals that have been referred by Executive Councillors:

**Other:**

To agree inclusion in the Capital & Revenue Projects Plan of any new items and to note any additional funding for revised schemes approved by Executive Councillors:

- j) Agree any recommendations to the Executive in respect of the bids outlined in Appendix L for approval to include in the Capital Plan, or put on the Hold List, including any additional use of reserves required.
- k) Agree the revised Capital & Revenue Projects Plan as set out in Appendix J, the Hold list set out in Appendix M, and the Funding as set out in Appendix N for the General Fund.

Note that the Appendices will be updated in subsequent versions to incorporate approved rephrasing, new bids and the above recommendations.

**General Fund Reserves:**

- I) Note the impact of revenue and capital budget approvals and approve the resulting level of reserves to be used to:
  - (i) support the 2012/13 budget
  - (ii) support the 2013/14 and future years budgets.

as set out in Appendix G(c).

### **3. Implications**

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) **Financial Implications**

The financial implications are outlined in the attached Budget Setting Report 2013/14.

(b) **Staffing Implications**

See text above

(c) **Equal Opportunities Implications**

An Equality Impact Assessment is included at Appendix S in the attached Budget Setting Report 2013/14.

(d) **Environmental Implications**

Where relevant, officers have considered the environmental impact of budget proposals which are annotated as follows:

- +H / +M / +L: to indicate that the proposal has a high, medium or low positive impact.
- Nil: to indicate that the proposal has no climate change impact.
- -H / -M / -L: to indicate that the proposal has a high, medium or low negative impact.

(e) **Consultation**

As outlined in 3 above, budget proposals are based on the requirements of statutory and discretionary service provision. Public consultations relating to Council services are undertaken throughout the year, and details can be found on the Council's website.

Specific public budget consultation has been undertaken and the results are provided as context for the development of budget proposals and decision making. A overview of the most recent consultation is included in Section 2 of the Budget Setting Report 2013/14.

(f) **Community Safety**

See text above.

#### **4. Background papers**

These background papers were used in the preparation of this report:

Budget working papers: Revised 2012/13 and Original 2013/14.

#### **5. Appendices**

In this Report:

- Budget-setting Report Version 1, January 2013 (covering 2012/13 to 2016/17)

#### **6. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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