

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

---

<b>Date of Meeting:</b>	23 <sup>rd</sup> July 2012
<b>Report of:</b>	Director of Finance and Business Services
<b>Subject/Title:</b>	Business Planning Process 2013/2016
<b>Portfolio Holder:</b>	Councillor Raynes

---

### **1.0 Report Summary**

- 1.1 This report seeks approval of the Council's Business Planning Process for 2013/2016 onwards.
- 1.2 In February 2012 the Council approved its Business Plan for 2012/2015. That document will be subject to annual update as further information over funding levels becomes available and the Council develops more detailed plans for later years.
- 1.3 The outcome of the update process will be the production of a revised Business Plan in February 2013 to set the Council's ambitions, Budget and Council Tax.
- 1.4 A comprehensive process is required to achieve that outcome and this report sets the framework for Members and officers to follow.

### **2.0 Decision Requested**

- 2.1 To agree the Business Planning Process to develop a Business Plan for 2013/2016.

### **3.0 Reasons for Recommendations**

- 3.1 The Council requires an agreed process to set a budget for 2013/2014. However, the Council needs to consider the approach to delivering the Sustainable Community Strategy and link that with resource allocation in a managed way.

### **4.0 Wards Affected**

- 4.1 Not applicable.

### **5.0 Local Ward Members**

- 5.1 Not applicable.

## **6.0 Policy Implications including - Climate change - Health**

6.1 The report outlines the need to generate policy proposals which will impact on service delivery.

## **7.0 Financial Implications (Authorised by the Borough Treasurer)**

7.1 The report includes details of policy proposals which will affect service budgets from 2013/2014 onwards.

## **8.0 Legal Implications (Authorised by the Borough Solicitor)**

8.1 The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.

## **9.0 Risk Management**

9.1 The steps outlined in this report will significantly mitigate the four main legal and financial risks to the Council's financial management:

- The Council must set a balanced Budget.
- The Council must set a legal Council Tax for 2013/2014.
- The Council should provide high quality evidence to support submissions for external assessment.
- Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

9.2 A risk and equality assessment will be carried out by the proposing directorate for all key proposals as part of their development. This will be in line with the approach to Corporate Risk Management.

## **10.0 Background and Options**

10.1 The 2012/2013 Business Plan was approved in February 2012.

10.2 The Business Plan merged the Financial and Corporate planning processes into one to allow a clear link to be made between the Council's ambitions and resource allocation. The Business Plan will be subject to an annual update. This will take account of various factors which are covered in the attached appendixes:

- Appendix 1 – Overview.
- Appendix 2 – The Business Planning Process.
- Appendix 3 – The Council's Priorities.
- Appendix 4 – Financial Stability.
- Appendix 5 – Communicating the Process.

10.3 Feedback on the current Business Plan has been collated and reflected in a report to Corporate Scrutiny Committee in June. The issues identified will be addressed within the process for 2013/2016.

10.4 The intention is to produce a Draft Business Plan later in the year for engagement followed by a final Business Plan for Cabinet and Council in February 2013.

## **11.0 Access to Information**

11.1 The background papers relating to this report can be inspected by contacting the report writer:

Name: Lisa Quinn  
Designation: Director of Finance and Business Services  
Tel No: 01270 686628  
Email: [lisa.quinn@cheshireeast.gov.uk](mailto:lisa.quinn@cheshireeast.gov.uk)

## Appendix 1 – Overview

### Introduction

**Appendix 1** provides an overview of the following appendices, how they link together and their relevance in developing the Business Plan.

The Council continues to face significant challenges in terms of delivering its priorities, managing within its limited resources and dealing with increasing demand for services.

At the same time Government policy, in relation to funding, is shifting the emphasis towards local decisions having a greater impact on funding levels than they did before.

Achieving an acceptable balance must be undertaken through a managed process that considers each area. The Council uses the Business Planning Process to achieve this aim. Further details are set out below.

### Appendix 2 – The Business Planning Process

Cabinet are asked to approve the Business Planning Process. **Appendix 2** considers the key stages and actions that will take place plus reviews the lessons from last time. The process enables the development and challenge of options by the appropriate groups at the correct level of detail and to the required timescale. It includes the key actions required to set a Budget and Council Tax.

Initially the process will enable collation of the issues in each directorate and the potential options to resolve those issues.

Supporting strategies relating to Value for Money and Charging and Trading will be refreshed to assist with developing options in addition to the latest data being made available re population forecasts, employment etc.

### Appendix 3 - The Council's Priorities

**Appendix 3** sets out the Council's priorities in terms of the Sustainable Community Strategy and how this is being taken forward. This acknowledges that not all areas can be addressed at one time due to limited capacity. The Leader of the Council has written to all staff and Members to advise them of the key areas to focus on and these are set out in more detail.

### Appendix 4 – Financial Stability

**Appendix 4** sets out the financial position facing the Council as indicated in the February 2012 Business Plan and the key assumptions used. It updates on the key statistics and key changes to local government funding from April 2013.

### Appendix 5 – Communicating the Process

**Appendix 5** sets out the key dates and communications that will take place. It will show the stages of the process where various groups can provide their input.

### Summary

Consideration of the priorities alongside the issues and potential options as well as taking into account the financial envelope (plus capacity levels) will determine which options can be developed further through the Business Planning Process.

## Appendix 2 – The Business Planning Process

### Introduction

This Appendix sets out the revised process to deliver a Business Plan for 2013/2016 to February Council in 2013.

The aim is to continue to operate the integrated approach to link the Council's priorities and what it wants to achieve with resource allocation to provide a higher level of transparency.

However, it is recognised that the first Business Plan was a step change for the Council and improvements are needed to address some of the issues raised. These are set out later in this Appendix.

### The Revised Process

Two of the key issues from the process the Council went through last time were the consideration of too many proposals and the need for wider Member input at an earlier stage. These will be addressed through the revised process. The key stages are set out here:

- |                              |   |
|------------------------------|---|
| <b>May / June</b>            | <ul style="list-style-type: none"><li>- Management Team:<ul style="list-style-type: none"><li>▪ Identify service delivery issues</li><li>▪ Illustrate available options</li></ul></li></ul>   |
| <b>July</b>                  | <ul style="list-style-type: none"><li>- Cabinet / Management Team:<ul style="list-style-type: none"><li>▪ Analyse issues &amp; options</li><li>▪ Consider medium / long term priorities</li><li>▪ Consider the financial envelope and capacity</li><li>▪ Determine which options are developed further</li></ul></li></ul>  |
| <b>August</b>                | <ul style="list-style-type: none"><li>- Wider Member and officer input – format to be determined. The intention is to use existing officer and Member groups (such as Budget Task Group)</li></ul>  |
| <b>September to December</b> | <ul style="list-style-type: none"><li>- Internal &amp; external analysis and development</li><li>- Challenge</li><li>- Draft Equality Impact Assessments</li><li>- Wider stakeholder engagement in group work</li><li>- Complete 'financial balancing' process</li><li>- Confirm approach to delivery of Sustainable Community Strategy</li><li>- Publish Draft Business Plan</li></ul> |
| <b>January to February</b>   | <ul style="list-style-type: none"><li>- Engage with wider Members on current issues</li><li>- Wider stakeholder engagement &amp; response</li><li>- Complete Equality Impact Assessments</li><li>- Members Approve Business Plan &amp; Set Council Tax</li></ul>  |

## **Supporting the Process**

The Council will assist the process in a number of ways. These include:

- Consideration of the Council's priorities **(see Appendix 3)**
- Consideration of the Council's financial stability **(see Appendix 4)**
- Additional guidance notes and the website
- Supporting strategies to assist development of proposals
- Learning from last time

## **Additional Guidance Notes and the Website**

Additional guidance notes and the business planning website will both be developed to assist those involved with the process.

## **Supporting Strategies to Assist Development of Proposals**

Several key supporting strategies will be refreshed, including:

- Value for Money
- Charging and Trading.

Data packages will also be prepared in relation to key statistics such as population forecasts, employment etc.

## Learning from Last Time

The issues raised by the Corporate Scrutiny Committee / Budget Task Group / other Members and the measures to address them are set out below:

<b>Member Feedback</b>	<b>Solution</b>
Provide opportunities for all Overview and Scrutiny Committees to have an input to the Business Planning Process.	The Budget Task Group will include representation from other Overview and Scrutiny Committees to observe, contribute and report back to their Committees.
Confusion over which version of the Business Plan was the latest.	Agenda papers will provide clarity as to which versions of published, or non-published, material will be the subject of discussion for each meeting.
Provision of suitable hardware to enable meetings to access financial information electronically.	<p>The recommended solution is for Members to use their Council laptops during the Budget Task Group meetings.</p> <p>All Members of the Council have already been offered a laptop to help perform their duties. The laptops include the standard package of Microsoft Office software, access to e-mail and the internet. These machines could be used to view documents etc.</p> <p>Alternatives, such as tablets are being trialled but a business case has not yet been taken forward.</p> <p>All material will be made available electronically before, during and after the meetings (where possible).</p>
Changes made to policy proposals during the process should be tracked and easily identifiable.	Comprehensive records are maintained within Finance. The approach to version control between documents will be enhanced to allow Members to track changes made during the process. These will be shared with the group as required.

<b>Member Feedback</b>	<b>Solution</b>
<p>Improve the narrative relating to the proposals and provide more detailed figures within the Business Plan.</p>	<p>To be addressed within the next Business Plan to ensure:</p> <ul style="list-style-type: none"> <li>- The format is explained in advance.</li> <li>- Appropriate narrative is provided to enhance understanding of the proposals.</li> <li>- The impact of proposals on the priorities for the Council are made clear.</li> <li>- Proposals are shown at the relevant level of detail.</li> </ul> <p>It should be noted that the Business Plan deliberately grouped smaller efficiency or housekeeping items that did not warrant Member debate into one line. These were explained within footnotes to the relevant pages. This approach will continue in order to focus on the main options.</p>
<p>Overview and Scrutiny should be given an opportunity to comment on the emerging priorities influencing the Business Plan by September of each year at the latest.</p>	<p>To be addressed as part of the revised process.</p>
<p>The Business Plan is too long and a more succinct version should be produced.</p>	<p>The Business Plan (including the Budget) is necessarily a long and complex document as it deals with the whole Council's service and financial plans in a single place.</p> <p>Further consideration will be given to a summary version, however, such a document requires resources to produce and publish and is ultimately of limited use in terms of restating the main document.</p>
<p>The link between the summary tables and detailed tables needs to be clearer.</p>	<p>To be addressed through text references and links on the electronic version.</p> <p>This will be assisted by release of the Budget Book and a "Frequently Asked Questions" document.</p>
<p>Regarding the 2012/2013 Business Plan, the links between Annex 3 (Process, Financial Position and Key Changes) and Annex 7 (Three Year Budget Tables) should be clearer.</p>	<p>To be addressed as part of the next process.</p> <p>Budget Task Group will be involved in debate over the new document format where possible.</p>

## Appendix 3 – The Council’s Priorities

### Introduction

This appendix will consider:

- A new approach.
- The Council’s priorities.
- The Sustainable Community Strategy (SCS).
- Service and Financial Drivers.

### A New Approach

Planning for Cheshire East Council in the medium term must change to reflect a shifting emphasis driven by Government policy. Policies such as Localism, the Community Infrastructure Levy, New Homes Bonus and Business Rate Retention mean that local decisions, particularly related to economic development, will have more of an impact on service provision in the local area than they did before.

The aim of the Business Planning Process is to create a flow of ideas and analysis that identifies with the links between Financial Drivers, Medium Term Priorities and the SCS. The ambition is to support prioritisation and decision making.

Underpinning this aim is the requirement to join up all key plans within the area (such as the Local Plan, Local Transport Plan and the Asset Management Plan). The focus required to join up local plans will support medium to long term policies and financing plans. This will then avoid short term spending that could actually jeopardise essential investment.

The diagram shows how these links need to operate to achieve success. If one element does not work the whole process stops.



Further details are set out overleaf.

## Service and Financial Drivers

The table below sets out some of the areas continuing to influence expenditure levels.

<b>People</b>
- No. of Children requiring care
- No. of Adults requiring care
- Complexity of care needs
- Quality of 'local' service provided
- School Transport requirements
- Inflation in contractors costs
<b>Places</b>
- Number of Properties requiring Waste Disposal services
- Area of land for greenspace maintenance
- Road lengths requiring maintenance
- Level of development activity
- Attainment of 'local' performance measures
- Size of Council Estate
- Demand for discretionary services in transport, culture and leisure
- Inflation (fuel, utilities, contractor costs)
<b>Corporate</b>
- Demand for technology projects
- Interest rates on borrowing or investments
- Efficiency of spending on administration and democracy
- Risk from litigation
- No. of claims for Council Tax / Business Rate reductions
- Quality of financial control and budget management

## Medium Term Priorities

In February 2012 the Council confirmed its priorities as delivering the SCS and the Business Plan 2012/2015 was set in that context.

The Council has further developed the link in this area and addressed the need for a clear link between the long term SCS and the medium term considered in the Business Plan. This has been achieved through identifying which key ambitions that will be taken forward.

The new Leader of the Council set out the areas in his [letter](#) of 17<sup>th</sup> May 2012. These include:

<b>Council Priority</b>	<b>Link to Sustainable Community Strategy Priority</b>
Customer Led	Nurture Strong Communities
Linked to Communities	Nurture Strong Communities
Delivering Regeneration	Create Conditions for Business Growth
Focus on Challenging Neighbourhoods	Nurture Strong Communities
Welfare Reform	Nurture Strong Communities
Troubled Families	Nurture Strong Communities
Sustainability in Adult Social Care	Prepare for an Increasingly Older Population
Developing a Local Plan	Ensure a Sustainable Future
Developing a Five Year Housing Plan	Ensure a Sustainable Future
Spend Money Wisely	Linked to aim to provide Value for Money

The actions to address these Medium Term Priorities will be determined through the Business Planning Process.

## **The Sustainable Community Strategy**

As an organisation, the Council plays a major role in delivering the seven priorities set out in *Ambition for All*, the Sustainable Community Strategy for Cheshire East.

These priorities were developed in consultation with local communities and partner organisations. They provide the framework against which the Council plans its service delivery and monitors its performance. The seven priorities are:

1. Nurture strong communities.
2. Create conditions for business growth.
3. Unlock the potential of our towns.
4. Support our children and young people.
5. Ensure a sustainable future.
6. Prepare for an increasingly older population.
7. Drive out the causes of poor health.

## Appendix 4 – Financial Stability

### Introduction

This appendix provides updated information in relation to:

- The current scenario and assumptions.
- The Council's Financial Position in Context.
- The changes to local government funding and their impact.

### The Current Scenario and Assumptions

The current scenario forecasts were set out in the February 2012 Business Plan and are replicated here.

### Cheshire East Council Revenue Budget

	2012/2013	2013/2014	2014/2015
	£m	£m	£m
<b>Funding</b>			
Formula Grant Funding	-67.7	-67.2	-62.2
Specific Grant Funding	-334.5	-321.0	-314.5
Council Tax	-178.6	-179.1	-179.6
Central Adjustments	20.0	24.1	13.5
<b>Funding Available to Services</b>	<b>-560.8</b>	<b>-543.2</b>	<b>-542.8</b>
<b>Budget for the Year</b>			
Children and Families	58.5	56.3	56.6
Schools Ringfenced Expenditure (inc DSG)	205.4	199.5	193.5
Adults	92.0	97.0	102.8
Places & Organisational Capacity	76.5	76.3	74.2
Corporate Services	25.3	24.2	23.5
Council Tax and Housing Benefit Expenditure	95.5	93.5	93.5
<b>Total Budget</b>	<b>553.2</b>	<b>546.8</b>	<b>544.1</b>
Planned Contribution to Reserves / Surplus	7.6	9.5	6.1
Planned Contribution from Reserves / Deficit	0.0	0.0	0.0
<b>Funding Gap / (Surplus)</b>	<b>0.0</b>	<b>13.1</b>	<b>7.4</b>

Source: Cheshire East Council Finance

The table is based on the following key assumptions. These are set out under the standard five headings used to monitor the scenario.

**Measure 1 ~ Challenge Funding Assumptions**

Item	Basis	Impact	Comment
Formula Grant Funding	Based on Comprehensive Spending Review estimates up to 2014/2015.	1% = £0.63m	Formula allocation system to be replaced from April 2013. Modelling is underway to develop estimated funding levels.
Specific Grant Funding	Based on Comprehensive Spending Review estimate to 2014/2015 or figures released by the relevant Government Departments.	£ for £	New Homes Bonus figures assume 650 properties per annum. Further work underway to refine this estimate.
Central Adjustments			
- Inflation and Pensions	See Measure 4		
- Capital financing	Based on estimates from 2012/2015 capital planning	£ for £	To be reviewed as capital programme is developed.
- Severance Costs	Based on agreed basis for dealing with early retirement costs	£ for £	

**Measure 2 ~ Review Local Taxation**

Item	Basis	Impact	Comment
Council Tax	0% in each year.	1% = £1.8m	No information regarding Council Tax freeze or criteria for a referendum beyond current year.
Council Tax Base	0.3% increase per annum.	0.1% = £0.2m	Taxbase decreased for 2012/2013. Technical reforms for 2013/2014 may increase Taxbase but Localising Council Tax Benefit is expected to reduce it.
Collection Fund	Nil surplus / deficit per annum.	£ for £	To be reviewed later in the year.

Item	Basis	Impact	Comment
Supplementary Business Rates	No additional income.	1p supplement = £2.1m	To be reviewed but considerable lead in time to consult with businesses etc. The maximum supplement is 2p.

### Measure 3 ~ Use General Reserves

Item	Basis	Impact	Comment
Contribution to / from Reserves	A planned contribution to reserves to ensure a minimum strategic level is retained	£ for £	Insufficient levels of Reserves will not provide working balances nor meet emergencies or unforeseen service demand. An updated Reserves Strategy will be reported as part of the Business Plan.

### Measure 4 ~ Review Expenditure

Item	Basis	Impact	Comment
Pay Inflation	1% per annum based on Chancellor's Autumn 2011 Statement.	1% = £1.4m	
Non Pay Inflation	0% per annum.	1% = £0.9m	Reflects move to cash based budgeting. Specific inflationary pressures can be submitted as proposals.

Note the scenario assumes the funding gaps in 2013/2014 and 2014/2015 are permanently closed.

### Measure 5 ~ Review Income

Item	Basis	Impact	Comment
Fees and Charges	To be reviewed as part of the roll out of the Council's Charging and Trading Strategy to establish the basis for the charge and scope for full cost recovery.	£ for £	Under review.

## Capital Programme

	2012/13	2013/14	2014/15
	£m	£m	£m
Proposed New Starts	42.6	41.4	24.4
Committed schemes	59.2	11.9	3.0
<b>Total Capital Programme</b>	<b>101.8</b>	<b>53.3</b>	<b>27.4</b>
<b>FINANCING</b>			
Unsupported Borrowing - Prudential	33.4	31.1	19.9
Supported Borrowing	3.0	0.6	0.0
Government Grants	45.5	14.1	2.5
Capital Receipts	17.7	7.3	5.0
External Contributions	1.3	0.2	0.0
Other Revenue Contributions	0.9	0.0	0.0
<b>Total Sources of Funding</b>	<b>101.8</b>	<b>53.3</b>	<b>27.4</b>

Source: Cheshire East Council Finance

The Capital Programme has been updated for the carry-forward of slippage from 2011/2012, this is subject to approval as part of the Final Outturn report. In 2011/2012 the Council spent £50.2m on capital schemes compared to the original budget of £77.0m, the main areas of slippage related to the Schools Programme, Property Planned Maintenance, Office Accommodation Upgrades and Highways Maintenance.

The capital programme is funded from a number of resources, including government grants, capital receipts, external contributions, revenue and

prudential borrowing. Government support for capital investment has reduced in recent years placing the emphasis increasingly towards Prudential Borrowing.

The fundamental objective in the consideration of the affordability of the Council's capital plans is to ensure that the total capital investment of the Council remains within sustainable limits, and in particular to consider its impact on the 'bottom line' and hence Council Tax. In considering the affordability of its capital plans, the Council is required to consider all of the resources currently available to it including estimates for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years.

The Council is also required to consider known significant variations beyond this timeframe, hence the requirement to develop the Capital Programme over a longer period and create a 'Capital Vision' for the Council for the next five years.

The development of the five year vision will include a review of the existing commitments within the current programme and the capacity to deliver an ambitious programme including major highway developments such as Crewe Green Link Road, Town Centre Regeneration, Housing Development, Children & Adults Service Systems Replacement and ICT developments including Superfast Broadband.

The Council will consider prudential borrowing where it can be shown to be sustainable, affordable and prudent. Examples of this may include projects which can effectively self-fund by raising sufficient revenue income or by reducing revenue costs so as to be able to fund the debt repayment costs, such as "Invest to Save" projects.

Where a project is to be funded by borrowing, provision will be made for incorporation of the debt servicing charges in the capital financing budget held corporately. The capital financing budget will be charged with the principal and interest elements based on the amounts of Prudential Borrowing that are actually used in the capital programme. Charges are not payable in the first year of capital expenditure, they will commence in the following financial year.

The closing balance on the Capital Reserve as at 31<sup>st</sup> March 2012 is £16.3m which is fully committed to fund schemes within the current programme. The Asset Disposals team is continuing to explore opportunities to generate capital receipts by rationalising the estate and disposing of surplus property assets. The Capital Receipts Policy ensures that receipts are used in the most beneficial way to support corporate priorities and strategic opportunities.

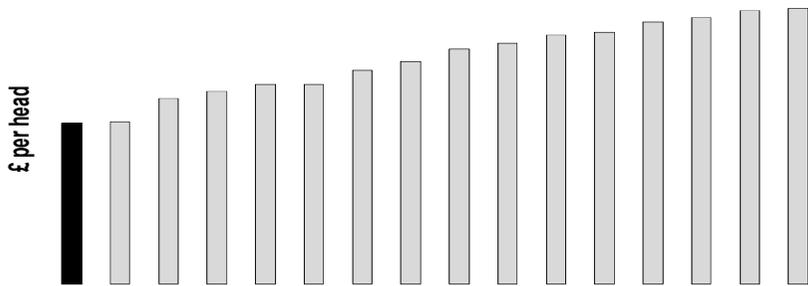
The Council will seek to maximise external funding wherever possible to support capital schemes. For example this may be in the form of grants from central government or contributions from third parties, such as negotiated Section 106 planning gain agreements with developers.

The capital planning process will follow the business planning timetable as set out in **Appendix 2**. The Capital Visioning Group will oversee the development of the capital programme and the use of available resources. The management of the capital programme is currently under review and will incorporate a gateway process to review capital projects at appropriate stages.

**The Council's Financial Position in Context**

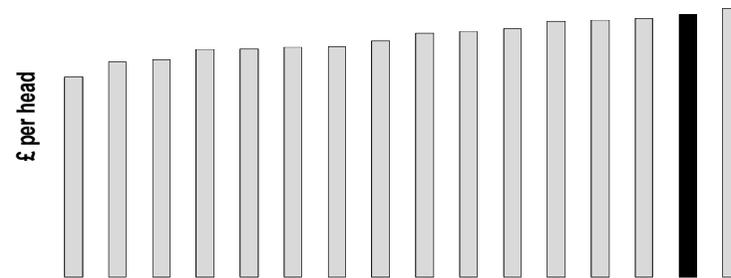
The four charts below summarise the funding position for Cheshire East Council compared to statistical neighbours.

**Chart 1 ~ Cheshire East Council receives less Business Rates per head than similar councils.**



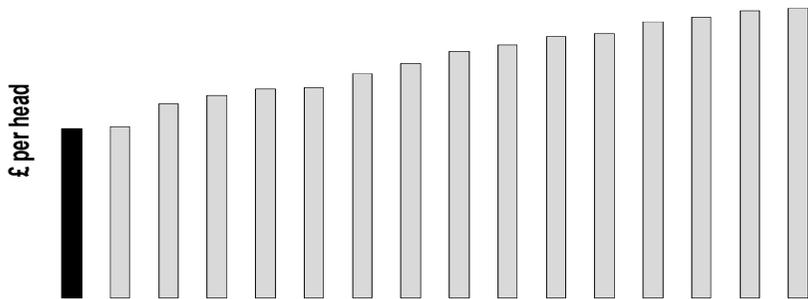
Source: CIPFA Council Tax Demands and Precepts Statistics 2012/2013

**Chart 3 ~ Cheshire East Council already raises a high level of Council Tax per head**



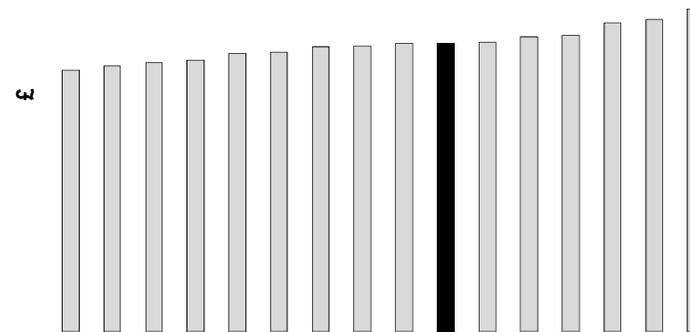
Source: CIPFA Council Tax Demands and Precepts Statistics 2012/2013

**Chart 2 ~ Cheshire East Council receives less Revenue Support Grant per head than similar councils.**



Source: CIPFA Council Tax Demands and Precepts Statistics 2012/2013

**Chart 4 ~ Absolute Band D levels are average in comparison.**

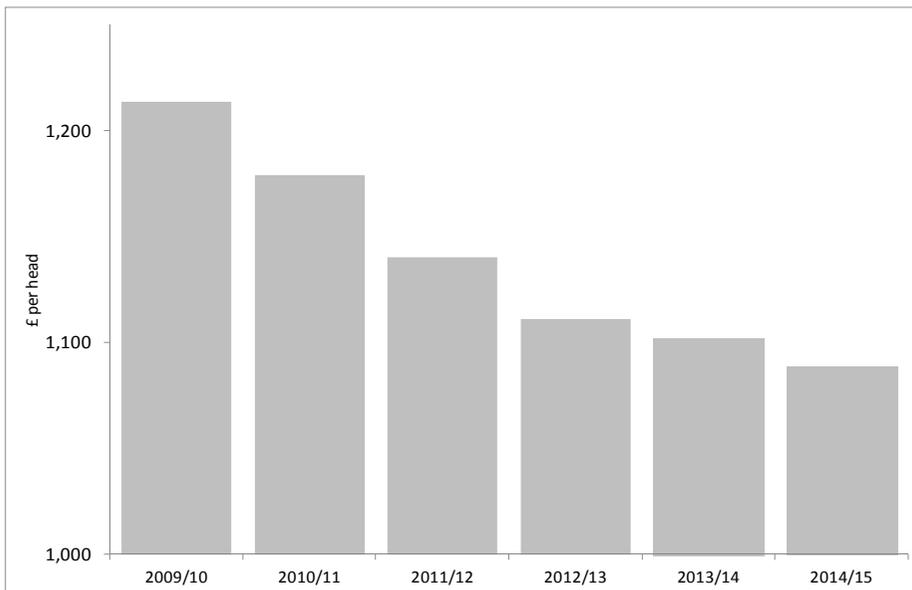


Source: CIPFA Council Tax Demands and Precepts Statistics 2012/2013

## Impact on spending

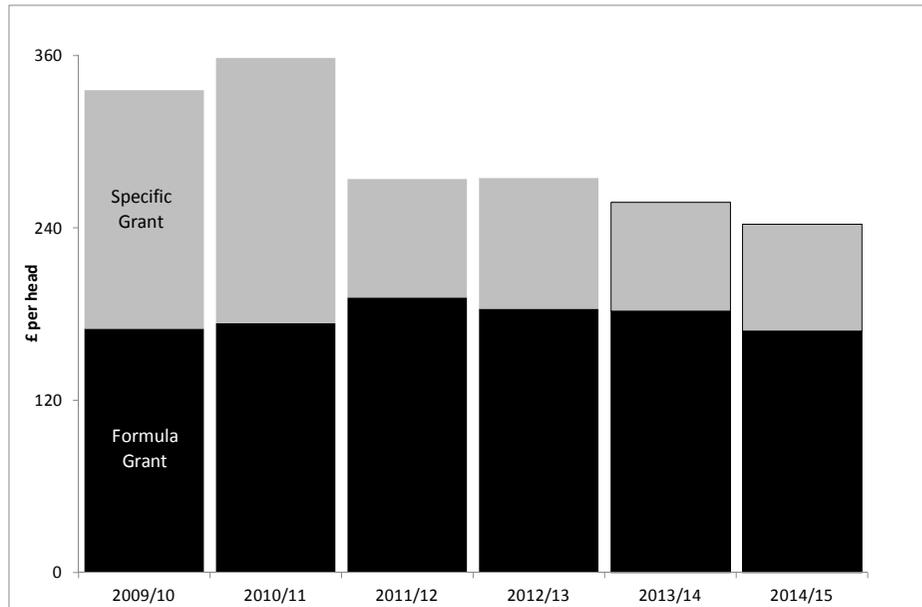
The next two charts show the impact of the funding reductions on Council spending per head and Government funding per head over time. The impact of reduced funding is continued reductions in expenditure.

**Chart 5 ~ Expenditure per head is expected to fall from £1,214 in 2009/2010 to £1,089 in 2014/2015**



Source: Cheshire East Council Budget / Business Plans 2009 to 2015 (excluding funding for Schools and Benefits)

**Chart 6 ~ Income from government grants is falling**



Source: Cheshire East Council Revenue Outturn Returns (2009 to 2011) & Budget Reports / Business Plans (2009/2015)

## The Changes to Local Government Funding and their Impact.

There will be several significant changes to local government funding taking place from 2013/2014 onwards. These are set out below with their impact.

Current Approach	Proposed Approach	Anticipated Impact
<p><b>Formula Grant</b> Central Government focus on equalisation and determine Formula Grant funding using a complex 'needs vs resources' model with no reward for local growth.</p>	<p><b>Business Rate Retention Model</b> Billing Authorities will be provided with a baseline funding level which could be set for up to 10 years. Actual funding to the Local Authority will then vary depending on the level of Business Rates yield received above or below the adjusted baseline. Additional measures will cap excessive growth and protect councils where income falls sharply.</p>	<p>Local funding will increase or decrease in response to local economic activity, encouraging a focus on promoting development.</p>
<p><b>Council Tax Levels</b> Council Tax is determined locally by Councillors with the potential threat of a Central Government Cap to restrict high increases.</p>	<p>Central Government will announce an annual threshold. Proposals by local Councillors to increase Council Tax above this rate will be subject to a local referendum. (Effective from April 2012)</p>	<p>Councillors will need to win majority support from the electorate if spending plans require significant additional funding from the local taxpayer.</p>
<p><b>Council Tax Benefits</b> Welfare payments to support Council Tax costs are provided via a national scheme and funded in full by Central Government.</p>	<p><b>Localising Council Tax Benefit</b> The level of welfare support for Council Tax payments will be determined locally. A reduced fixed grant will be provided by government to fund local schemes.</p>	<p>The Council will support citizens to move from benefits into better paid work to improve the local economy and reduce Council expenditure. The new scheme will need to consider wider Welfare Reform Act changes and the Council's concession policies.</p>

Current Approach	Proposed Approach	Anticipated Impact
<p><b>Council Tax Base</b> Growth in the tax base increases local Council Tax payments but may then decrease funding from Formula Grant</p>	<p>Growth in the tax base will increase local Council Tax Payments. However, bonus payments will be received in respect of increases in the number of occupied dwellings in the area and there is potential income from the Community Infrastructure Levy (CIL) for new developments.</p>	<p>Supporting new development will provide bonus payments which will in turn support additional spending related to the additional demand for services and a CIL contribution to identified infrastructure needs.</p>
<p><b>Council Tax Discounts</b> The Council has no further scope to change discounts.</p>	<p>The Council can change the discount for second homes, empty and long term empty properties.</p>	<p>These will provide additional income but the impact needs to be understood. Further analysis is being undertaken.</p>

## Appendix 5 – Communicating the Process

### Introduction

The table below sets out the key dates and communications that will take place.

When	For Whom	What / Why	How
<b>June</b>	Cabinet, Management Team and Budget Task Group	Agree and own process	Briefings and consultation on draft process
	Heads of Service (HoS)	Briefing re process and key stages	Presentation
<b>July</b>	Budget Task Group (BTG)	Review process and input	Report and meeting
	Cabinet	Approve Process	Formal report on process & priorities
	All Members	Briefing re process, context and assumptions	Presentation
<b>August</b>	Cabinet, Management Team, HoS & Task Groups.	More detailed instructions and forms issued	Guidance note and forms
	Members and Stakeholders	Input to process	Report and meeting
<b>September</b>	Management Team / Cabinet	Receive progress update	Report and meeting
<b>October</b>	Management Team / BTG	Review proposals to ensure a robust and considered set of proposals are published	Briefing and meetings

<b>When</b>	<b>For Whom</b>	<b>What / Why</b>	<b>How</b>
<b>November</b>	Budget Task Group	Consider format of Draft Business Plan	Briefing and meeting
	Members / Stakeholders	Brief on financial scenario and key budget issues	Briefing notes, meetings, website and citizen's panel
	Budget Task Group	Review Draft Business Plan	Briefing and meeting
<b>Dec / Jan</b>	All	Publish Draft Business Plan	Hard copy and electronic versions
<b>January</b>	Members / Stakeholders	Consultation on Draft Business Plan	Meetings / briefing sessions
	Budget Task Group	Review Business Plan	Briefing and meeting
	All	Publish Business Plan	Part of Cabinet papers
<b>February</b>	All	Business Plan approved	Cabinet and Council meetings