

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
15th December, 2015**

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Finance

SUBJECT: Budget Timetable Update and Spending Review
Summary

REPORT FOR: Decision

1. Summary

1.1 The report provides Cabinet with an indication of the key points from November's spending review and the updated Budget Timetable. The timing of this year's settlement and the potential impact of the spending review has required some adjustment to key dates.

2. Spending Review

2.1 The Spending Review announced on 25th November set budgets for government departments and the devolved administrations for each financial year for the rest of this Parliament (2016/17 to 2019/20).

2.2 Day-to-day spending is set to fall by £18 billion or 6% between 2015/16 and 2019/20 in real terms, meaning that many departments will see budget reductions. Some departments are protected from spending reductions, including the NHS, some schools spending, defence spending and the international development budget. This means that other departments have seen larger reductions, in many cases on top of reductions seen over the previous Parliament.

2.3 It is widely accepted that the Spending Review has been less severe than estimated before the announcement on 25th November. However the position for Powys is likely to see little change in our comparative funding level in Wales and therefore the agreed budget strategy for the next three years remains in place. It is further complicated by the extent (as yet unknown) that the 'floor' arrangement will remain in place to support the council's overall funding.

2.4 For the UK the pace of spending cuts has been reduced with the position a result of improving forecasts for revenues and marginally less borrowing than anticipated over the next five years. Targets for a surplus by the end of the parliament remain intact. Underpinning the

spending plans is the economic projections provided by the Office for Budget Responsibility (OBR). Compared to Summer Budget 2015, the Office for Budget Responsibility now forecasts higher tax receipts and lower debt interest, with a £27 billion improvement in the public finances.

- 2.5 Scotland, Wales and Northern Ireland will all receive more money to be spent on infrastructure (capital) projects, with each government deciding where this will be spent. This will be an increase of around 14% for Scotland, 16% for Wales and 12% for Northern Ireland.
- 2.6 The government has advised that it will introduce the apprenticeship levy in April 2017. It will be set at a rate of 0.5% of an employer's pay bill and will be paid through PAYE. Each employer will receive an allowance of £15,000 to offset against their levy payment. This means that the levy will be paid on any pay bill in excess of £3 million. It is understood that public sector bodies will be required to pay the levy. It has been suggested that further details will be available in the UK Government's March 2016 budget.

3. Budget Timetable

- 3.1 In Wales the devolved administration will review the overall funding settlement before applying any policy variations and consequential funding adjustments. The Minister for Finance has announced the draft budget will be published on 8th December; the provisional Local Government Settlement is planned to be published on 9th December. In previous years this has been announced late afternoon.
- 3.2 The lateness of the provisional settlement in Wales and the confirmation in the form of the final settlement has caused concern amongst the 22 Welsh local authorities. Discussions have been held with Welsh government officials it has been confirmed that there is no legal impediment to authorities setting their budgets and issuing council tax bills before the start of the financial year. It is important that each local authority considers carefully its own financial and governance processes to ensure it complies with its statutory obligations. This has taken place in Powys and a meeting was held involving the S151 Officer, Monitoring Officer and key officers involved in the council tax billing process. Following advice from other officers the S151 Officer has proposed the attached timetable after consulting with the Portfolio Holder for Finance and the Chief Executive.
- 3.3 Discussions with Welsh government officials indicate (as expected) there cannot be an absolute assurance that the settlement for Powys will not change between the provisional and final settlement. In fact it is usual for adjustments to be made by Welsh government due to data verification but generally these are minor and do not affect budget planning. Welsh government officials have acknowledged the risk and that the mitigation

is to announce a provisional settlement that will be the same or very close to the final settlement.

- 3.4 As in previous years the budget and council tax setting will take place at two separate council meetings and the proposal is that the budget is set on 25th February and council tax is set on 9th March. The final settlement is on 2nd March but as indicated there is no legal impediment to setting the budget on the basis of the provisional settlement. The key issue is whether the final settlement will be different to the provisional settlement. It should be noted that the final settlement often changes due to data verification issues and these changes are usually absorbed within the budget because they are not material. The S151 Officer will advise Cabinet and, if required, Council if there are indications from Welsh government following the provisional settlement that the funding for Powys may change to the extent that mitigation is required.

One Powys Plan

Setting a stable budget within the statutory deadline is key to delivering the funding to support the One Powys Plan.

Options Considered/Available

The budget setting and council tax setting framework is covered by legislation and regulations. These prescribe the date by which council tax must be set and as a result this limits the options.

Preferred Choice and Reasons

The attached timetable outlines the preferred dates for budget setting to meet the legislative requirements.

Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

The timetable allows for the provision of equality impact assessments for budget proposals.

Children and Young People's Impact Statement - Safeguarding and Wellbeing

Not applicable

Local Member(s)

Not applicable

Other Front Line Services

Not applicable

Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

Finance: The report does not have any direct financial implication but meeting the statutory deadline will also mean the council has the required cashflow arising from the issuing of council tax bills.

Legal: Professional Lead Legal has no comment to make regarding any legal issues that arise as a result of this report.

Business Services: Advice has been provided on the legal deadline by which council tax must be set

Corporate Communications

(The views of the Senior Communications Manager must be set out here)

Statutory Officers

The Strategic Director Resources (Section 151 Officer) has a wider statutory duty to the council tax payer and the issuing of bills on time is an important requirement. The timetable supports this important requirement.

The Deputy Monitoring Officer has no comment to add regarding this report

Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That Cabinet agree the attached timetable to set the budget and council tax	To ensure council tax is set by the statutory deadline that requires council tax to be set before 11th March

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	
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Person(s) To Implement Decision:	David Powell
Date By When Decision To Be Implemented:	

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Background Papers used to prepare Report: