



Subject: Budget 2017/18 to 2019/20
Guidelines and Timetable

Status: For Publication

Report to: Cabinet
Corporate Overview & Scrutiny
Committee
Middleton Township Committee
Heywood Township Committee
Rochdale Township Committee
Pennines Township Committee

Date: Monday 6th June 2016
Tuesday 12th July 2016

Monday 21st July 2016
Wednesday 27th July 2016
Wednesday 27th July 2016
Wednesday 3rd August 2016

Cabinet Member: Cabinet Member for Finance

Report of: Director of Resources

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**Comments from Statutory
Officers:**

Monitoring Officer: Yes
Section 151 Officer: Yes

Key Decision: Yes

1 Purpose of Report

- 1.1 To recommend the budget guidelines and timetable to be used in preparing the detailed 2017/18 budget and provisional budgets for 2018/19 and 2019/20.

2 Recommendations

- 2.1 Members are requested to consider and approve the following:

1. The proposed budget timetable detailed at Appendix 1.
2. The revenue assumptions detailed in paragraph 3.4 be incorporated into the budget setting process.
3. The revenue and capital budget principles referred to in paragraph 3.6.1 and 3.6.2.
4. In principle to work towards acceptance of the Government's four year minimum settlement offer as outlined in paragraph 3.4.2. Further reports will be presented to Cabinet.

2.2. Reason for recommendation

To approve the proposed timetable and planning process for setting the 2017/18 Budget and Provisional Budgets for 2018/19 and 2019/20.

3 Main Text including alternatives considered/consultation carried out

3.1 Alternatives and Risks considered

3.1.1 The Council is legally obliged to set a balanced budget. The budget setting process is complex and must be undertaken in a planned way. It is equally important that assumptions used in the preparation of the budget are agreed, reasonable and consistently applied by all services.

3.1.2 The budget forecast has been based on a number of assumptions, known levels of expenditure and anticipated levels of resources. Final confirmation of these assumptions will not be received/ finalised until November/December this year. There are a number of areas of the Council's budget where risks to the projections contained in this report have been identified. The most significant of these are:-

- The Finance Settlement for Rochdale Borough Council - the level of resources received from Central Government from the Revenue Support Grant may be different to those assumed. The decrease assumed is 24.1% for 2017/18, 21.5% for 2018/19 and 27.6% for 2019/20.
- Monitoring of the 2016/17 budget will provide Cabinet with regular updates on any pressures/savings for the Council. Any associated on going implications will be incorporated into the budget projections for 2017/18 and future years.
- Savings – the level of savings required for 2017/18, 2018/19 and 2019/20 is currently being considered. There is a risk to the overall budget of the non-achievement of these savings due to the identification and/or implementation of the proposals. A three year budget is to be set in February 2017 which provides time to implement the level of savings required to balance the budget over the period 2017/18 to 2019/20.
- Specific Grants and Contributions – the number and amount of specific grants received by the Council may be lower/higher than anticipated. The budget currently assumes a reduction in grant for Education Services Grant from September 2017 and New Homes Bonus from 2017/18 based on recent consultations which propose changes the basis of funding for these specific grants. If a grant increases, a process has been introduced to review all additional income received and the decision is made whether the resource is allocated to that area. If a grant decreases, Cabinet will consider the financial implications on the Council services provided.
- Council Tax – Central Government provided a cap on the amount of Council Tax increase a Local Authority could make before a referendum of the local residents was required. The budget assumes a 3.75% increase in 2017/18, 2018/19 and 2019/20, comprising a 1.75% increase for general purposes and a 2% increase in respect of the adult care precept. These percentage increases are included for planning purposes only, and will be revised by Cabinet leading up to a recommendation at Budget Fixing Council.
- Council Services- the impact of the economic climate on the residents of Rochdale Borough and the increased demand this may lead to for Council services could impact on cost of services as could general demographic changes.
- Waste Disposal Levy – the waste disposal levy is calculated by a formula across Greater Manchester (GM) which takes account of recycling levels. Should Rochdale Borough not increase recycling at the same level as other GM Authorities this will impact on the levy and would lead to an increased cost to Rochdale Borough Council's budget.
- Inflation – impact of changes in the price of goods and services used by the Council compared to the percentage assumed in the budget projections.

- Fees and charges income – impact of any economic slowdown on levels of usage of charged for Council services could lead to income levels not being achieved.
- Investment income – impact of low interest rates and implications of the economic slowdown on the level of dividends/ interest received by the Council.
- Health and Social Care Devolution – the impact of pooled budgets in closing the locality gap, for which the Council is a key partner.
- Public Health – impact of the reduction in Public Health funding.
- Academies – impact of the Government's policies regarding the conversion of schools to Academies.

3.2 Consultation Undertaken/Proposed:

- 3.2.1 Stakeholders are consulted at appropriate stages throughout the budget preparation process. The Council is intending to carry out a Public Engagement initiative during Summer 2016, involving residents, businesses and their representative bodies and other stakeholders.
- 3.2.2 Consultation with the Trade Unions via the JCC at Corporate level and via SCG's at service level will be undertaken and the outcome of consultations will be considered by the Employment and Equalities Committee.

3.3 Introduction

3.3.1 Timetable

- 3.3.2 The Council's budget must be approved by full Council before 11th March each year. This is a statutory requirement. The process begins in June with approval being sought for the assumptions and principles on which the budget is to be based. These will be used as a part of the determination of the overall budget position
- 3.3.3 Throughout the year we consult on the budget and savings proposals. Financial projections are updated as further information becomes available for the Government Funding Settlement and other known changes, including local decisions. The updated budget and feedback from consultations are reported back to Cabinet in January with recommendations for Budget Fixing Council, who will in turn set the budget.

Services are notified of their resource allocations following Budget Fixing Council in February/March. The full budget timetable is detailed at Appendix 1.

3.4 Revenue Budget Assumptions for 2017/18 – 2019/20

- 3.4.1 As part of the budget setting process the Council makes a number of assumptions in respect of the key elements of the Council's revenue budget. Appendix 2 provides a summary of these assumptions for 2017/18, 2018/19 and 2019/20. Future reports will make Cabinet aware of any changes that impact on the current budget assumptions. These are outlined below.
- 3.4.2 Local Government Finance Settlement

As part of the 2016/17 Local Government Finance Settlement the Government stated that it will offer any council that wishes to take it up a four-year funding settlement to 2019-20. The Government has made a commitment to provide minimum allocations for each year of the Spending Review Period, should councils choose to accept the offer

and if they have published an efficiency plan. Members are asked to consider taking up the offer of the four year settlement.

The funding streams that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant (received by Rochdale BC);
- Transitional Grant (not received by Rochdale BC); ;
- Rural Services Delivery Grant allocations (not received by Rochdale BC).

In addition, business rates tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered even if needs have changed for local authorities. However, in the final year of the Spending Review Period, 2019/20, the tariffs and top ups may be subject to change due to the implementation of 100% business rates retention.

The new burdens doctrine operates outside the settlement, so accepting the four-year offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects the amounts set out in the 2016/17 Local Government Finance Settlement to be the amounts presented to Parliament each year.

3.4.3 Revenue Support Grant

The assumptions included in the budget for Revenue Support Grant are based on the amounts included in the four-year settlement. The decrease assumed is 24.1% for 2017/18, 21.5% for 2018/19 and 27.6% for 2019/20.

3.4.4 Council Tax Increases - Assumptions 2017/18 – 2019/20

The 2016/17 Local Government Finance Settlement assumed an average increase of 1.75% per year in council tax over the four year period to 2019/20.

The Government's Spending Review 2015 announced that for the rest of the current Parliament, local authorities responsible for adult social care will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care.

The Council Tax referendum limit will differ, depending on whether authorities choose to raise the social care precept. For those authorities wishing to use the social care precept powers the referendum limit will be triggered at 4% or more above the authority's relevant basic amount of council tax in 2015/16. For those choosing not to levy a social care precept the limit will remain at 2%.

The Council's budget assumes for planning purposes an increase in Council Tax for 2017/18, and 2018/19 and 2019/20 of 3.75%, comprising a 1.75% increase for general purposes and a 2% increase in respect of the adult care precept.

Any variation in the level of Council Tax increase approved will have an impact on the forecast budget position.

3.4.5 Council Tax Taxbase

Our Council Taxbase is 52,114 representing the number of Band D equivalent properties that we collect Council Tax from. The Council Tax base will be reviewed and formally considered by Planning and Licensing Committee in January of each

year. The level of Council tax base is a key component in the calculation of resources available to the Council.

3.4.6 Business Rates Baseline

Our Business Rates baseline is £63.098m, representing the value of Business Rates income we estimate will be collected from businesses. The Business Rates baseline will be reviewed and formally considered by Planning and Licensing Committee in January of each year.

The budget assumes for planning purposes a 2% increase in 2017/18, 2018/19 and 2019/20 in respect of the level of business rates income received and the business rates top-up grant received from the Government. The business rates increases are based on the assumed RPI at September over the next four years.

The Government will be consulting in Summer 2016 in relation to the move to 100% business rates retention by 2020/21.

3.4.7 Pay Inflation

The budget assumes for planning purposes that the pay award will be 1% for 2017/18 to 2019/20. The Government will implement a 1% pay settlement for most local government staff for both 2016/17 and 2017/18. Any settlement above 1% will increase the expenditure requirement for 2018/19 and 2019/20. Every change of 0.5% equates to approximately £429k.

The salary budget includes assumptions for planning purposes for the rise in the Government National Living Wage for 2017/18 – 2019/20, and also assumes the cost of maintaining the Council's current pay above the level of the National Living Wage through to 2019/20.

3.4.8 Superannuation Rates

The employer superannuation contribution rate increases assumed are 0.9% in 2017/18, 2018/19 and 2019/20. These are based on the advice by Greater Manchester Pension Fund (GMPF). The next valuation of the fund is due in 2016, therefore the rate of increase assumed are subject to change following this valuation and future decisions by Members.

3.4.9 Price Inflation

The budget assumes 0% inflation across the majority of the Council's non-pay expenditure budgets including grants that the Council provides. Contractual arrangements and other significant inflation issues will be considered on a case by case basis.

3.4.10 Discretionary Fees and Charges

Fees and Charges are reviewed on an annual basis. For 2017/18 to 2019/20 the amount of increase assumed for planning purposes is recommended to be 2%.

3.4.11 Waste Disposal

The Waste Disposal Levy (WDL) provided for in the 2017/18-2019/20 budget is based on the latest projections provided by GMWDA. The assumptions are based on the revised increase in recycling rates for Rochdale. The impact of this means that the increase in levy is limited to 12.2 % in 2017/18, 7.4% in 2018/19 and 2.4% in 2019/20.

This will be subject to consideration/agreement as a consequence of the Waste Disposal Authority's budget setting process in 2017/18 and subsequent years and consideration of referendum levels.

3.4.12 Passenger Transport Levy

The Passenger Transport Levy (PTL) provided for in the 2017/18 budget assumed for planning purposes a 2% increase over the previous year. It is currently assumed for planning purposes that there will be an increase of 2% for 2018/19 and 2019/20. This will be subject to consideration/agreement as a consequence of the Passenger Transport Authority's 2016/17 budget setting process in 2017/18 and subsequent years and consideration of referendum levels.

3.4.13 Budget Pressures

The budget is presented with a provision of £2m new recurrent funding to meet any unforeseen significant budget pressures. It is prudent to assume this level of resource will be required in future years.

3.5 Capital

3.5.1 A review of the capital programme is currently being undertaken. This review will provide a three year capital programme for 2017/18 to 2019/20 taking into consideration the estimated reduction in capital resources and the limited revenue funding available for Capital Schemes in these years. A report to Cabinet in October will recommend a Capital Programme for 2017/18 to 2019/20 for consideration this will then be included as part of the 2017/18 budget consultation.

3.5.2 Aims of the Capital Programme

The Capital Programme aims to deliver:

- Investment in the Borough to support the Borough wide priorities including economic benefit to the Borough and bring in additional resources
- Investment in Service Provision to deliver future savings
- Maintain and enhance the Council's assets
- Support Devolution
- Meet Statutory provision
- Provide Value for Money

3.5.3 A review of the Capital Programme is currently being undertaken and will be reported to a future meeting of Cabinet.

3.6 Budget Principles

3.6.1 Detailed guidelines are provided to all relevant staff to ensure that revenue budgets for individual services are prepared consistently. These guidelines contain details of the assumptions that are to be made in setting the revenue budget and also set out broad principles that are to be adhered to. The principles that are proposed for inclusion in the budget guidelines for 2017/18 to 2019/20 are provided at Appendix 3.

3.6.2 The Capital Principles have been developed to enable focus on the purpose of the Capital Programme and to seek agreement for the use of limited resources. The principles for the Capital Programme are provided at Appendix 4.

3.7 Conclusions

- 3.7.1 This is an initial report on the budget process which identifies the decision making timetable, assumptions and principles.
- 3.7.2 The forecasts will be refined over the coming months and further reports will be presented to Cabinet leading up to the approval of the Budget and Council Tax in February 2017.

4 Financial Implications

- 4.1 See the main body of the report.

5 Legal Implications

- 5.1 The Council is under a duty to calculate the budget in accordance with Section 32 of the Local Government Finance Act 1992 and must make three calculations namely: an estimate of the Council's gross revenue expenditure; an estimate of anticipated income; and a calculation of the difference between the two. The amount of the budget requirement must be sufficient to meet the Council's budget commitments and ensure a balanced budget. The amount of the budget requirement must leave the Council with adequate financial reserves. The level of budget requirement must not be unreasonable having regard to the Council's fiduciary duty to its Council Tax payers and non-domestic rate payers.
- 5.2 Failure to make a lawful Council Tax on or before 11 March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a specified increase in Council Tax.
- 5.3 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'.
- 5.4 Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
- 5.5 There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.

6 Personnel Implications

- 6.1 The report outlines the proposed timetable for preparing the detailed 2017/18 budget and this timetable includes the requirement to undertake formal workforce consultation with the staff and trade unions. The consultation will be undertaken in accordance with the Council's established formal staff consultation processes including meetings of the Joint Consultative Committee and Service Consultative Groups.

7 Corporate Priorities

- 7.1 This report meets all the corporate priorities identified in the Council's Corporate Plan. This report supports governance arrangements remaining strong during this period of significant change.

8 Risk Assessment Implications

8.1 There are a number of risks identified with this report as outlined below:

- Decisions may not be taken in a timely manner to ensure that a balanced budget is set. The approval of the timetable attached at Appendix 1 will mitigate this risk;
- A number of risks are contained in section 3.1 of this report and these will be reviewed throughout the budget cycle.

9 Equalities Impacts

9.1 Workforce Equality Impacts Assessment

9.1.1 Workforce equality impact assessments will be provided with any savings proposals and an overall workforce equality impact assessment on the budget will be presented to facilitate final decision making.

9.2 Equality/Community Impact Assessments

9.2.1 Equality Impact assessments will be provided with any savings proposals and an overall equality impact assessment on the budget will be presented to facilitate final decision making.

Background Papers	
Document	Place of Inspection
Budget 2017/18 Files	Finance Services

Budget Timetable for 2017/18 to 2019/20 Budgets – Revised

Date	Group / Body	Consideration
2016		
6 th June	Cabinet	Approve: <ul style="list-style-type: none"> • Budget 2017/18 to 2019/20 Guidelines and Timetable Report (including revenue and capital principles). • Engagement with the Public
28 th June	Joint Consultative Committee (JCC)	Consultation <ul style="list-style-type: none"> • Budget 2017/18 to 2019/20 Guidelines and Timetable Report (including revenue and capital principles). • Engagement with the Public
12 th July	Corporate Overview and Scrutiny Committee	Scrutinise <ul style="list-style-type: none"> • Budget 2017/18 to 2019/20 Guidelines and Timetable Report (including revenue and capital principles). • Engagement with the Public
21 th July and Week Commencing 25 th July	Township Committees and residents	Consultation <ul style="list-style-type: none"> • Budget 2017/18 to 2019/20 Guidelines and Timetable Report (including revenue and capital principles). • Engagement with the Public
12 th September	Cabinet	To agree: <ul style="list-style-type: none"> • September Budget update report • Medium Term Financial Strategy 2017/18 – 2021/22. • Saving proposals to be presented for consultation – Service Delivery and workforce only proposals.
13 th September TBC*	Employment and Equalities Committee	Consultation on:- <ul style="list-style-type: none"> • Budget 2017/18 to 2019/20 Guidelines and Timetable Report • Engagement with the Public • September Budget Update report • Saving proposals to be presented for consultation – workforce only proposals
15 th September TBC*	JCC	Consultation on:- <ul style="list-style-type: none"> • Budget 2017/18 to 2019/20 Guidelines and Timetable Report • Engagement with the Public • September Budget Update report • Saving proposals to be presented for consultation – workforce only proposals
15 th September		Commence Service Delivery Consultation (For proposals requiring longer consultation these will be dealt with on an individual basis). Workforce consultation only commences 15 th September to 2nd November – minimum of 45 days consultation
15 th September and w/c 19 th September	Township Committees and residents	Consultation on : <ul style="list-style-type: none"> • September Budget update report • Medium Term Financial Strategy 2017/18 – 2021/22 • Saving proposals to be presented for consultation – Service Delivery proposals

3 rd October	Cabinet	To consider and approve <ul style="list-style-type: none"> • October Budget Update report to reassess overall financial position. • The capital programme and revenue implications for consultation • Discretionary Fees and Charges
11 th October	Corporate Overview and Scrutiny Committee	Scrutinise: <ul style="list-style-type: none"> • September Budget update report • Medium Term Financial Strategy 2017/18 – 2021/22 • Saving proposals to be presented for consultation – Service Delivery and workforce only proposals • Scrutiny of October Cabinet reports
2 nd November		Conclusion of service delivery and workforce consultation
21 st November 2016 TBC*	Cabinet	To consider and approve <ul style="list-style-type: none"> • Reports re outcome of service delivery and workforce consultation for member decision making • Members to approve commencement of workforce consultation following outcome of service delivery consultation. • Feedback from Public engagement sessions
22 nd November TBC *	Employment and Equalities Committee JCC	<ul style="list-style-type: none"> • To present Saving Proposals – following consultation • To consult on savings proposals for the workforce consultation following outcome of service delivery consultation.
24 th November		Consultation for Workforce proposals commences for 45 days. (24 th November to 2 nd January 2017.)
W/C 28 th November	Township Committees and residents	Consultation on: <ul style="list-style-type: none"> • Discretionary Fees and charges • October Budget Update Report
20 th December	Corporate Overview and Scrutiny Committee	Scrutiny on : <ul style="list-style-type: none"> • Outcome of Service Delivery and workforce consultation. • Workforce consultation proposals following outcome of service delivery consultation . • Feedback from Public engagement sessions
December	Provisional Funding Position	DCLG announces Provisional Funding Position including Base line position 2017/18 and updated forecasts 2018/19 – 2019/20.
2017		
2 nd January		Conclusion of Workforce only consultation.
17 th January	Planning and Licensing Committee	Approval of 2017/18 Council Tax Base. Approval of 2017/18 Business Rates Tax Base.
TBC January	Funding Position	DCLG announce Funding Position 2017/18. Any amendments will need to be agreed at Budget Fixing Council.
2 nd February TBC*	Cabinet	To consider and approve: <ul style="list-style-type: none"> • Budget update report including confirmation of provisional funding position and Dedicated Schools Grant settlement. • Capital Programme Update • Treasury Management Strategy • Outcome of Workforce consultation
3 rd February	Employment and	<ul style="list-style-type: none"> • Outcome of Workforce consultation.

TBC*	Equalities Committee JCC	
7 th February	Corporate Overview and Scrutiny Committee	<ul style="list-style-type: none"> • To scrutinise the outcome of the Workforce consultation • Pre-scrutiny of Budget to be submitted to Budget Cabinet on 9th February 2017. • Local Government Act 2003 Report on the robustness of the budget. • Capital Programme Update • Treasury Management Strategy • Medium Term Financial Plan
15 th February TBC *	Cabinet	<p>To consider and agree :</p> <ul style="list-style-type: none"> • Local Government Act 2003 – Robustness of the Budget Report. • Final recommendations of Cabinet to Budget Fixing Council including saving proposals. • Capital Programme Update • Treasury Management Strategy. • Medium Term Financial Plan
1 st March	Budget Fixing Council	To consider recommendations of the Cabinet revenue and capital budgets. Approve or propose amendments.
9 th March	Budget Fixing Council (If required)	Further consideration of budget proposals if required.

TBC* Meeting dates to be confirmed with respective Chairs

Budget Assumptions 2017/18, 2018/19 and 2019/20

Area of Budget	2017/18 Assumption	2018/19 Assumption	2019/20 Assumption
Council Tax			
General Increase	1.75% Increase	1.75% Increase	1.75% Increase
Adult Care Precept	2% Increase	2% Increase	2% Increase
Total Council Tax	3.75% Increase	3.75% Increase	3.75% Increase
Revenue Support Grant	24.1% Decrease	21.5% Decrease	27.6 % Decrease
Business Rates (NNDR)	2% Increase	2% Increase	2% Increase
Top Up Grant	2% Increase	2% Increase	2% Increase
General Grants	4.3% Increase	0%	0%
Settlement Funding Overall Impact	7.6% overall decrease	5.4% overall decrease	5.8% overall decrease
Pay	1% Increase	1% Increase	1% Increase
Superannuation	0.90% Increase	0.90% Increase	0.90% Increase
Contribution Rate	(20.6%) (contribution)	(21.5%) (contribution)	(22.4%) (contribution)
Prices*	0%	0%	0%
Discretionary Fees & Charges	2% Increase	2% Increase	2% Increase
Waste Disposal Levy	12.23% Increase	7.36% Increase	2.39% Increase
PTA Levy	2.00% Increase	2.00% Increase	2.00% Increase

* Prices – Contractual arrangements and other significant inflation issues will be considered on a case by case basis.

REVENUE BUDGET 2017/18 TO 2019/20 – PRINCIPLES

1. Budget Preparation

- 1.1 Service estimates are required at service level for the years 2017/18 through to 2019/20. The format of the service submissions, which are to be supported by appropriate working papers, will be determined by the Director of Resources in consultation with Directors.
- 1.2 Estimate preparation should take account of technical guidance issued from time to time on local authority accounting practices and other related issues.
- 1.3 The budget process shall adhere to the approved timetable.

2 Existing Service Level Budgets

- 2.1 The budget will initially be prepared on the basis that current resources support existing service levels and with the exception of the schools budget should be varied to reflect:
 - (a) The full year effect of previous year's savings proposals.
 - (b) Consequences of the approved capital programme.
 - (c) Adjustments in relation to specific 'one year only' allocations and other time expired funding.
 - (d) Other specific Council decisions.
- 2.2 Most education and related budgets are funded through a specific grant namely the Dedicated Schools Grant (DSG). Separate systems and procedures relating to DSG funded budgets operate outside of the mainstream budget guidelines.
- 2.3 Salary budgets are to be prepared with reference to the 2017/18 budget (net of any vacancy factor) adjusted for pay awards, approved service changes, savings and other approved variations. The salary budgets can only be used to employ staff in established posts on approved grades in line with the following conditions:
 - (a) All changes to the establishment where Council funding is available in full must be approved by the Equalities and Employment Committee, or within the requirements of the Scheme of Delegation.
 - (b) All changes to the establishment where resource implications arise, even if the costs are met entirely from external funding, must also be approved by Cabinet, or within the requirements of the Scheme of Delegation.
 - (c) Posts funded from external sources must be established as temporary or specific purpose posts unless it can be demonstrated that:
 - the external funding is permanent or
 - specific approval has been given, or
 - future years costs can be contained within current budgets.

- (d) Directors must balance service requirements against the need to manage within their budgets when taking decisions to fill vacant posts or employ temporary staff.

3 Discretionary Fees and Charges

- 3.1 Fees and charges must be reviewed on an annual basis. A report should be submitted by each Director to the Cabinet in September each year on proposals for the following year.
- 3.2 Fees and charges are to be varied to achieve an overall annual increase in income for each Service in line with the level approved by Cabinet. Increases can be implemented at any time subject to the overall financial target being achieved.
- 3.3 If the target cannot be achieved by increasing fees and charges then alternative savings must be identified. Claims by Directors to exempt or apply a lesser increase to any part of their service must be justified in the context of their Service policies and plans and referred to Cabinet.

4 External Funding

- 4.1 Wherever possible external funding should be used to reduce pressure on current expenditure, thereby releasing resources for redirection into priority areas.
- 4.2 All legal, human resources, financial and administrative support costs required to manage grant conditions and fulfill the role of the accountable body should be charged, wherever possible, against the funding regime.

5 Consultation

- 5.1 Members will take account of consultations with stakeholders at appropriate stages throughout the budget preparation process. This will include Townships, Overview and Scrutiny Committee, Trade Unions, Local Strategic Partnership, other partners and the public.

CAPITAL PROGRAMME PRINCIPLES

1. Capital Programme Preparation

- 1.1 The Capital Programme is compiled at project level for the years 2017/18 through to 2019/20. The format of the capital schemes submissions, which are to be supported by appropriate working papers, will be determined by the Director of Finance in consultation with Directors.
- 1.2 Estimate preparation should take account of technical guidance issued from time to time on local authority accounting practices and other related issues. The profiling of capital expenditure into the correct financial years and over the projects development will be key to ensure the amount of re phasing of capital resources from one year to another is kept to a minimum, and to reduce the amount of revenue budget required to finance the project.
- 1.3 The budget process shall adhere to the approved timetable.

2. Principles for the Capital Programme

- 2.1 Capital Resources are to be used as follows:
- Decisions on the use of Capital Receipts will be considered as part of the budget process.
 - Un-ring fenced and ring fenced externally funded grants are considered on a case by case basis.
 - Any new borrowing is considered with the implications for the revenue budget position.
- 2.2 Capital projects for approval are:
- Considered by Portfolio Holders for the service who agree to the services requests for funding.
 - Completed to ensure all implications of the Capital Scheme are included in the "Business Cases".
 - Inclusive of Multi Year Schemes with the spend profiled accurately across the financial years.