

3. Recommendations

Members are asked to:

- 3.1 Consider the information relating to the current budget processes and approve an approach for future budget consultations (Appendix 2) and an alternative budget process (Appendices 3a and 3b).
- 3.2 Authorise the Executive Director of Resources (s151 officer) to amend the Council's existing Financial Rules in accordance with Appendix 9 to this report

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1 The development of the Council's Financial Strategy is a key process in managing many of the Council's strategic risks. The opportunities and risks arising are assessed each time the Financial Strategy is refreshed for Cabinet consideration.
- 4.2 The Financial Strategy and the detailed changes necessary to deliver the agreed budget for the next financial year will consider the requirements of the Human Rights Act, any necessary environmental appraisals and the need for Equality, social inclusion and health impact assessments (ESHIA) and any necessary service user consultation.
- 4.3 The public budget consultation is the opportunity for members of the public to express their views on the overall emphasis within the budget on proposed funding for pressures and efficiencies, and the overall impact on the Council Tax charge. Where significant changes to operational activities are proposed as part of the budget, there is then a second opportunity to comment, when those specific decisions are brought forward and a specific consultation is held.

5. Financial Implications

- 5.1 Assuming that the revised budget consultation process will be an in-house developed process, rather than purchasing a separate toolkit to undertake the activity, then there will be no direct financial implication as a result of the new processes being agreed and implemented.
- 5.2 Whilst it will be vital to ensure that all alternative budget proposals brought forward include robust financial estimates and assessment of

their possible service delivery impacts, it will also need to be recognised that the resources available to support development of proposals are limited.

6. Climate Change Appraisal

- 6.1 There are no direct implications for climate change as a result of this report and full implications and considerations of climate change as a result of budget proposals will be considered in future Financial Strategies to be considered by Cabinet.

7. Background

Budget Consultation

- 7.1 Details of the requirements of the budget setting process, including budget consultation, in the Council's Constitution is set out in Appendix 1 for information. Appendix 1 also details the requirements of the Gunning Principles for public consultation exercises as detailed by the Local Government Association.
- 7.2 Consultation on the Council's budget plans is carried out following Cabinet's approval of the Leader's draft budget proposals. To enable this to take place, a draft financial strategy is developed and agreed by Cabinet in December to enable consultation to take place for a period of 6 weeks, as detailed in the Constitution. This ensures that the budget consultation can be completed prior to the final approval of the Financial Strategy by Cabinet and Council in February. A timeline of the current budget setting process is set out in Appendix 4 and details of the budget consultation carried out for the 2022/23 budget is provided at Appendix 5.
- 7.3 Feedback was received on the budget consultation exercise for 2022/23 with comments from the public and some Members regarding the ability to fully consider the consultation results considering the consultation closing so late in the budget setting process. Also a number of comments were received that more detailed information was required to enable them to fully engage in the process. An outline of the feedback received is provided at Appendix 6.

Alternative Budget Proposals

- 7.4 It was identified during the course of the 2022/23 budget setting process, that an approach for alternative budgets being put forward by opposition parties was not detailed in the Council's Constitution. Therefore a process was trialled ahead of Council on 24 February 2022 as shown in Appendix 8.

- 7.5 Feedback suggested that a revised and extended process was needed in future years, and that alternative budgets should not just be considered in terms of financial implications but also reviewed and agreed by service areas too.
- 7.6 A revised alternative budget process has been compiled in Appendix 3A for further consideration and comment. Key data to be collected for each proposal is summarised in Appendix 3B. The proposed process for this year is as follows:
- Begin on 31 October 2022, this allows four weeks for Councillors to prepare alternative proposals (with appropriate officer support), followed by 2 weeks to review these with service delivery officers.
 - Finalised proposals will be returned no later than 16 December 2022, allowing consideration at PMSC on 11 January 2023.
 - This will lead to consideration at Cabinet on 18 January 2023, for possible inclusion in the financial strategy to be agreed by Council on 2 March 2023.

Summary

- 7.7 Revised arrangements for alternative budget preparation and the budget consultation process would allow all Councillors and residents to have a greater influence on the process by which the Council budget is set, in line with the Shropshire Plan, the Council constitution, and good practice.

8. Additional Information

- 8.1 Whilst local authorities are required to follow guidance such as the Gunning Principles when conducting public consultations, there is no recommended prescribed format for undertaking the budget consultation. Research has been carried out to examine the timing that other local authorities have undertaken their consultation exercises and the format that these have taken. As shown in Appendix 7, the format used ranges significantly, and the data gleaned from each different type of exercise will be different in terms of how that helps to inform the budget setting process. There are however some good procedures that we could build into our consultation process to address the feedback received.
- 8.2 An outline of a proposed budget consultation process is set out in Appendix 2, for further consideration and comment, which has attempted to build on the Council's current approach. Appendix 2 details how this proposed approach would ensure that the future budget consultation is in line with the Gunning Principles.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Gwilym Butler, Portfolio Holder for Finance and Corporate Resources
Lezley Picton, Leader of the Council

Local Member

All

Appendices

- Appendix 1 – Budget Setting Process in the Council’s Constitution and External Guidance
- Appendix 2 – Proposed Approach to Future Budget Consultation
- Appendix 3 – Future Process for Alternative Budgets
- Appendix 4 – Current Budget Setting Process
- Appendix 5 – Current Budget Consultation Process
- Appendix 6 – Feedback on Current Budget Consultation Process
- Appendix 7 – How Other Authorities carry out Budget Consultation
- Appendix 8 – Process Trialled for Alternative Budgets
- Appendix 9 – Amendment to Financial Rules

APPENDIX 1

Budget Setting Process in the Council's Constitution and External Guidance

The Constitution sets out the process to be followed when setting the budget each year, and the key responsibilities:

Part 2 Articles of the Constitution

The full Council will decide the Council's budget and policy framework.

Budget - The budget includes the allocation of financial resources to different services and projects, proposed reserves, the Council tax base, setting the Council tax and decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of virement limits.

Part 4 Council Procedure Rules

At the Budget Meeting in February, each Group Leader may have one speech up to a maximum of ten minutes and presentations from outside bodies at Council shall normally be limited to a maximum of 15 minutes, subject to the Chairman's discretion, followed by a 15 minute question and answer session.

BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

1. THE FRAMEWORK FOR EXECUTIVE DECISIONS

The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or a policy framework is in place, it will be the responsibility of the Cabinet to implement it. NB – When the phrase 'budget and policy framework' is used here, it also refers to any constituent plan or strategy.

2. CABINET LEADS PROCESS; OVERVIEW AND SCRUTINY COMMITTEE INVOLVEMENT WITHIN CABINET CONSULTATION PROCESS; DIFFERENTIAL VOTING ON DISPUTES REGARDING BUDGET AND POLICY PROPOSALS

(a) The Cabinet will publicise by including in the forward plan a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals. All Members of the Council, including the chairmen of scrutiny committees will also be notified. The consultation period shall in each instance be not less than 6 weeks.

(b) At the end of that period, the Leader will then draw up firm proposals having regard to the responses to that consultation. If a relevant scrutiny committee wishes to respond to the Cabinet in that consultation process then it may do so. It is open to the Scrutiny Committees to investigate, research or report in detail with policy recommendations before the end of the consultation period. The Leader will take any response from a Scrutiny Committee into account in drawing up firm proposals for submission to the Council, and its report to Council will reflect the comments made by consultees.

(c) Once the Leader has discussed his/her proposals with the Cabinet and Cabinet has approved the firm proposals, those proposals will be presented by the Leader to Council for decision.

(d) In reaching a decision, the Council may adopt the Leader's proposals, or may amend them, refer them back to the Cabinet for further consideration, or substitute its own proposals in their place.

(e) If it accepts the recommendation of the Leader without amendment, the Council may make a decision which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.

(f) The decision will be publicised in accordance with Article 4 and a copy shall be given to the Leader.

(g) An in-principle decision will automatically become effective at least 5 days from the date of the Council's decision, unless the Leader informs the proper officer in writing within 5 days that [he/she] objects to the decision becoming effective and provides reasons why.

(h) In that case, the proper officer will call a Council meeting within a further 2 days. The Council will be required to re-consider its decision and the Leader's written submission within 5 days. The Council may:

(i) approve the Leader's recommendation by a simple majority of votes cast at the meeting; or

(ii) approve a different decision which does not accord with the recommendation of the Cabinet by a simple majority.

(i) The decision shall then be made public in accordance with Article 4, and shall be implemented immediately.

(j) In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy framework which may be undertaken by the Executive (Cabinet), in accordance with paragraphs 5 and 6 of these Rules (virement and in-year adjustments). Any other changes to the budget and policy framework are reserved to the Council.

In addition to the Council's Constitution, public consultations are also subject to following the Gunning Principles as determined by case law. These specify that a consultation is only legitimate when these four principles are met:

1. proposals are still at a formative stage

A final decision has not yet been made, or predetermined, by the decision makers

2. there is sufficient information to give 'intelligent consideration'

The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response

3. there is adequate time for consideration and response

There must be sufficient opportunity for consultees to participate in the consultation. There is no set timeframe for consultation,¹ despite the widely accepted twelve-week consultation period, as the length of time given for consultee to respond can vary depending on the subject and extent of impact of the consultation

4. 'conscientious consideration' must be given to the consultation responses before a decision is made

Decision-makers should be able to provide evidence that they took consultation responses into account.

APPENDIX 2

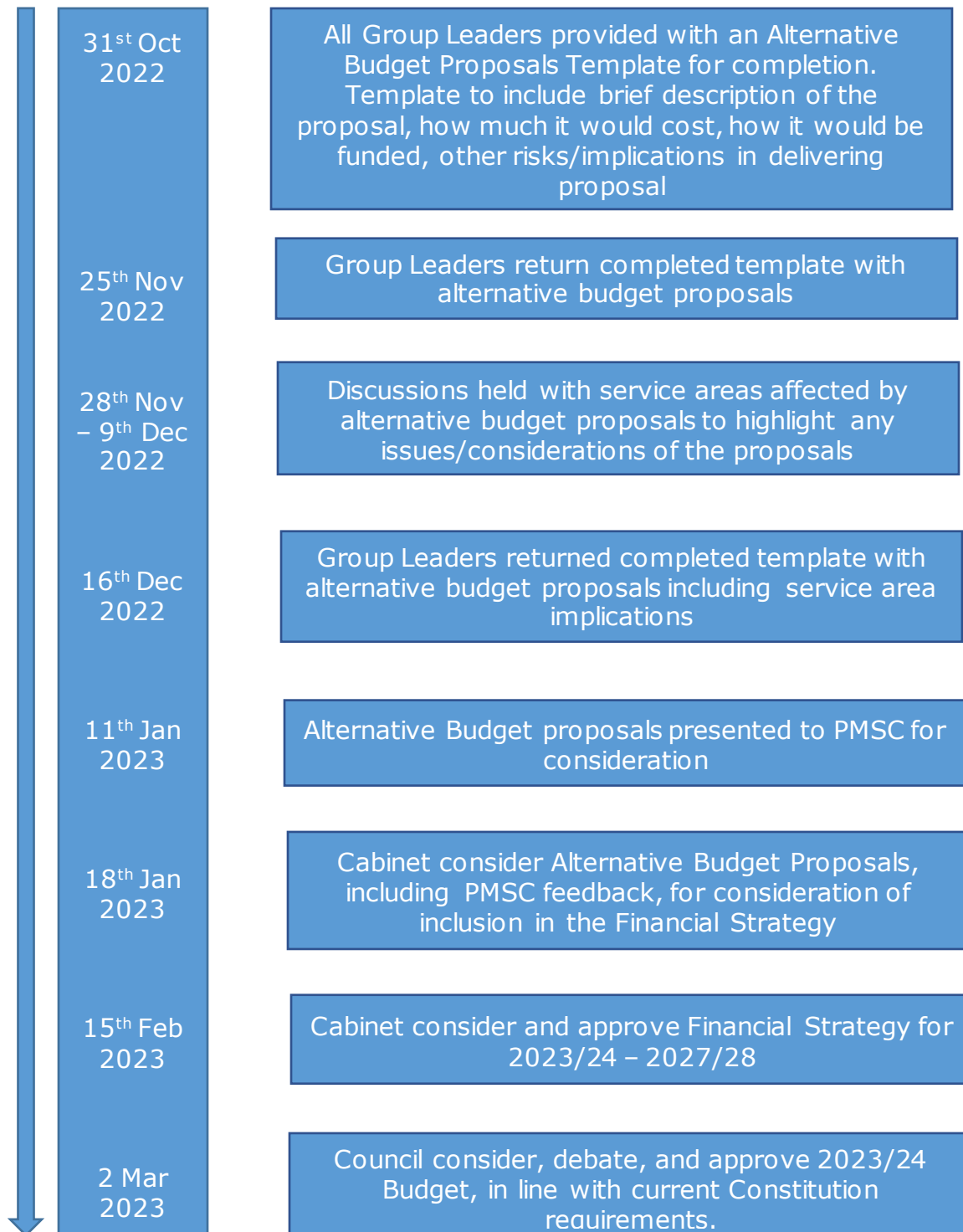
Potential Budget Consultation Exercise for 2023/24

Consultation Proposal	Gunning Principles			
	Proposals are still at a formative stage	There is sufficient information to give intelligent consideration	There is adequate time for consideration and response	Conscientious consideration must be given to the consultation responses before a decision is made
<p>Timing: 15th December – 26th January</p> <ul style="list-style-type: none"> Budget Consultation to be held following approval of the Draft Financial Strategy by Cabinet in December. This will ensure that plans are sufficiently developed to allow informed consultation to take place. This will also allow the standard 6 week period of consultation as prescribed by the Constitution. Feedback will be received to allow for conscientious consideration in the final Financial Strategy approved by Cabinet and Council. 	✓	✓	✓	✓
<p>Content: Background information to be provided including:</p> <ul style="list-style-type: none"> Information about Council priorities Summary of Council's financial position Linking draft budget plans to priorities Draft investment and savings plans across the 5 year strategy 	✓	✓		
<p>Survey: Feedback requested on draft investment and saving plans, including council tax plans</p> <ul style="list-style-type: none"> Provide description of proposal and the business impact of proposal Detail amount of each proposal Allow users to agree, disagree or have no opinion on each proposal Allow for specific comments on proposals Invite general comments on proposals for service Directorates/Cabinet Portfolios 		✓		

APPENDIX 3A

Future Process for Alternative Budget Proposals

The proposed process for the consideration of Alternative Budget Proposals is as follows:



APPENDIX 3B**KEY DATA TO BE COLLECTED FOR ALTERNATIVE BUDGET PROPOSALS**

The proposed data to be collected for the consideration of Alternative Budget Proposals will include but not be limited to:

Name of Councillor making the proposal	
Political Group	
Political Group leader	
Financial year/s affected	
Summary of proposal	
What will need to change to deliver this proposal	
Financial implications of the proposal <ul style="list-style-type: none"> - Implementation costs - Running costs - Funding source 	
Service delivery implications of the proposal	
Risk assessment of the proposal	
Proposal implications reviewed for accuracy by	
- Executive Director of Resources (s151 officer)	
- Service Executive Director	
Proposal endorsed by political group leader	

APPENDIX 4

Current Budget Development Process

Month	Budget Activity	Committee Dates	Committee Paper
Apr	New Financial Year Begins		
May	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> Roll forward Financial Strategy (FS) to next 5 years and highlight any known service changes/issues or Government announcements </div> <div style="width: 45%;"> Work up indicative savings plans to bridge funding gap </div> </div>		
Jun			
		29th Jun – Cabinet	Indicative Financial Strategy 2023/24 – 2027/28
Jul	Discuss savings targets required over the term of the FS and produce detailed savings proposals	7 th Jul – Council	Indicative Financial Strategy 2023/24 – 2027/28
		13 th Jul - PMSC	Indicative Financial Strategy 2023/24 – 2027/28
Aug	Identify demographic pressures for the Council and any service pressures		

Month	Budget Activity	Committee Dates	Committee Paper
Sep	arising in current year's budget to confirm funding gap within FS		
Oct			
Nov	Council Tax Base calculated for the next Financial year	30 th Nov - PMSC	Draft Financial Strategy 2023/24 - 2027/28
Dec	Provisional Local Government Finance Settlement received		
		14 th Dec - Cabinet	Draft Financial Strategy 2023/24 - 2027/28 Setting the Council Tax Taxbase 2023/24
		15 th Dec - Council	Setting the Council Tax Taxbase 2023/24
Jan	Budget Consultation takes place for 6 week period	11 th Jan - PMSC	Draft Financial Strategy 2023/24 - 2027/28

Month	Budget Activity	Committee Dates	Committee Paper
Feb	Final Local Government Finance Settlement received	15 th Feb - Cabinet	Financial Strategy 2023/24 - 2027/28 Estimated Collection Fund Outturn 2022/23
Mar		2 nd Mar - Council	Financial Strategy 2023/24 - 2027/28

APPENDIX 5

Budget Consultation Process for 2022/23

Requirements of the Constitution

The Council's Constitution sets out the following arrangements for consultation of the budget:

Part 4, Budget and Policy Framework Procedure Rules, para 2 (a):

The Cabinet will publicise by including in the forward plan a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals. All Members of the Council, including the chairmen of scrutiny committees will also be notified. The consultation period shall in each instance be not less than 6 weeks.

Timeline and Distribution

The draft budget proposals were considered by Cabinet on 5th January 2022 following the announcement of the Provisional Local Government Finance Settlement. Cabinet approved the detailed savings proposals as part of this draft budget to enable the Leader of the Council to consult on the budget plans.

The budget consultation took place for 6 weeks, in line with the Council's Constitution, from 5th January until 16th February.

The consultation was advertised on the website, through the newsroom and via Twitter. Respondents were given the option of completing the survey online, emailing a response or posting feedback to the Shirehall.

Details Provided in the Consultation

The budget consultation provides a detailed summary of the financial position of the Council, which provides explanation of standard finance terminology such as revenue and capital expenditure, and how these are treated differently. Also it outlined the Council's financial position and the draft plans for balancing the 2022/23 budget, including a proposed increase in council tax and the delivery of proposed savings.

The survey that respondents were asked to complete detailed questions asking for people's views on the plans to increase Council tax precept and the Adult Social Care Precept. It also specified each individual savings proposal (58 savings proposals) to allow comments and feedback on specific savings proposals rather than generic feedback on categories of savings.

APPENDIX 6

Feedback on 2022/23 Budget Consultation Process

The budget consultation had 155 responses which is the highest response rate of the last 3 years, but still low considering the number of stakeholders in Shropshire.

In the main respondents were able to vote on proposals and provide comments on the proposals, however feedback was also received from members of the public and Councillors that the survey was difficult to respond to due to the technical language used, and also was not detailed enough in terms of what the proposals related to.

Specific comments included:

"I am sorry to say that I find the questions opaque in many instances. The descriptions seem to come from an internal document which does not convey meaning to those outside the Council."

"I have tried to fill in the budget consultation survey but find it almost impossible as I don't know what the questions mean. It seems to have been put together by a Council person for other Council people, who "speak the language". I was completely stuck on just the first question, as I don't know what TMBSS refers to! I think this is designed (perhaps accidentally) to put people off from having their say about the upcoming Budget"

"People simply do not feel they understand or have enough information to complete this."

"What do these proposals actually mean?"

"The consultation was not taken in line with the Gunning Principles, as the consultation closed when the budget was already set."

APPENDIX 7

Budget Consultation Carried out by Other Local Authorities

Research has been done across a number of local authorities to determine the process that other authorities follow for their budget consultation activity. It has been identified that the process followed varies significantly across authorities. A selection of different methods adopted by other authorities is shown below:

Local Authority A – 28 July – 19 September

Document produced providing details of the Budget, outlining the following facts and figures:

- how money is currently spent
- how the Council is funded,
- financial outlook for the future
- plans for council tax
- plans for social care levy.

The survey requests narrative feedback on themed saving areas rather than individual saving proposals and questions around council tax proposals

Local Authority B – 4 January – 14 February

30 page document produced detailing the priorities of the Council, details of the indicative budget by priority, level of investment planned for each year of the 5 year Financial Strategy and detailed savings plans, and council tax plans.

Each saving proposal then has its own business case produced detailing the level of saving, a detailed description of the saving, key milestones in delivering the saving, options and alternatives considered and the business impact of the saving. People are asked to complete an online form with comments on the proposals or contact through standard social media channels.

Local Authority C – 14 December – 25 January

An interactive webpage which allows people to prioritise where the Council spends its funds. The webpage contains a series of sliders which enable visitors to adjust the amount spent on key services provided by the council or alter the income generated via chargeable services or Council Tax. The toolkit needs to balance off before submission, therefore if they spend more on one service, they need to offset by reductions in other areas.

Local Authority D – 2 December - 4 January

Background document produced providing context of financial position of the authority, including council priorities, how council is funded, what is spent on council services, details of the budget proposals including savings and council tax plans.

Survey requests people to say whether they agree or disagree with proposed approaches to savings (themed savings headings rather than specific savings proposals). People were also asked to rank their top three preferred savings approaches. Opinions on the council tax increase were also requested. Finally,

people were asked to consider which of the council's priority they consider to be most important.

Local Authority E – 2 December - 4 January

Budget engagement document produced outlining:

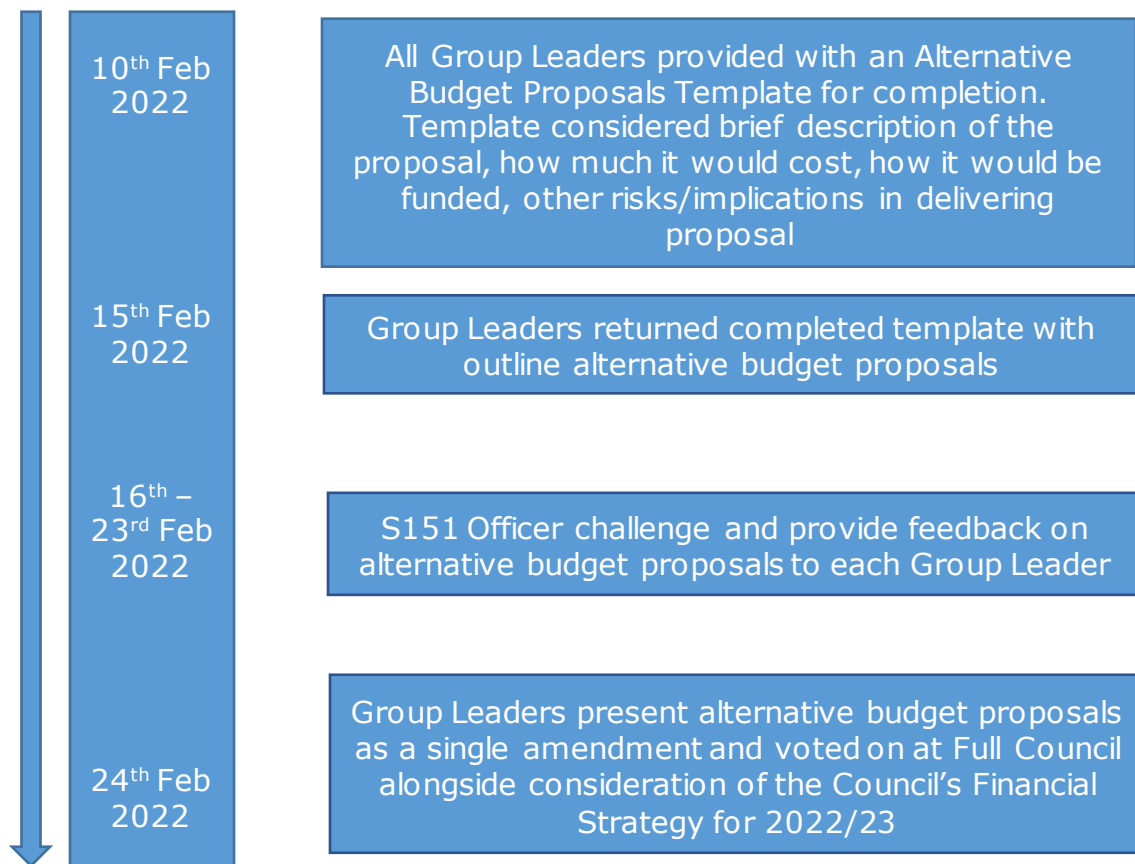
- the Council's corporate priorities,
- plans for spend against Council's priorities for the next year,
- the Council's summary financial position
- details of investment and individual savings proposals (providing brief description of how savings will be achieved) – requesting people select that they support, oppose, or have no opinion against each proposal and provide any additional comments
- details of any central budgetary/funding activity planned such as use of reserves or council tax increases - requesting people select that they support, oppose, or have no opinion against each proposal and provide any additional comments

APPENDIX 8

Process Trialed for Alternative Budget Process

It was identified during the course of the 2022/23 budget setting process, that the Council's Constitution does not set out a procedure for consideration of alternative budget proposals.

Therefore the following process was applied for 2022/23 budget with agreement with Group Leaders, in order that a formal procedure can be adopted within the Council's Constitution for 2023/24 budget and beyond.



APPENDIX 9

Amendment to Financial Rules

Current text:

Budget Guidelines

4.6. *Guidelines on budget preparation are issued to members, directors, managers and budget holders by Cabinet following advice from the Section 151 Officer. The guidelines will take account of:*

- a) Legal requirements;*
- b) Medium term planning prospects;*
- c) Forecasts of available resources externally;*
- d) Forecasts of internal resources available;*
- e) Spending pressures;*
- f) Best value and other relevant Government guidelines;*
- g) Cross cutting issues (where relevant);*
- h) Impact assessments;*
- i) Risk factors;*
- j) Consultation with residents and businesses.*

Proposed Revised text:

Budget Guidelines

4.6. *Guidelines on budget preparation are issued to members, directors, managers and budget holders by Cabinet following advice from the Section 151 Officer. The guidelines will take account of:*

- a) Legal requirements;*
- b) Medium term planning prospects;*
- c) Forecasts of available resources externally;*
- d) Forecasts of internal resources available;*
- e) Spending pressures;*
- f) Best value and other relevant Government guidelines;*
- g) Cross cutting issues (where relevant);*
- h) Impact assessments;*
- i) Risk factors;*
- j) **Alternative budget proposals from Council Opposition Groups;** Consultation with residents and businesses.*

[To be inserted before paragraph 4.7]

Alternative budgets

4.7 *Alternative budgets will be invited from the political Opposition Group(s) within the Council from 31 October each year (NB - actual dates to be confirmed annually). Officers will support the development of alternative proposals in terms of financial estimates and operational consequences. Alternative budget proposals must be returned to the Section 151 Officer by 16 December (tbc annually). January PMSC will*

consider the alternative budget proposals before they are presented to Cabinet later in January. In February, Cabinet will receive the revised Medium Term Financial Strategy and associated detailed budget proposals for the coming year before these are considered by Full Council. Cabinet will have the opportunity to adopt the alternative budget proposals and incorporate them in to the February reports for Cabinet and Council.

Consultation with residents and businesses

- 4.8 *Consultation with residents and business will be undertaken for 4-6 weeks from mid-December to the end of January each year (dates to be confirmed annually). Residents will be invited to comment on key budget proposals including proposed pressures funding and proposed efficiencies and the proposed council tax charge arising. The outcome of this consultation will be reported to Cabinet and Council in February, enabling the consideration of budget proposals alongside the outcomes of the consultation. (Consultation with members is undertaken via the alternative budget proposals, above, and the debate with Cabinet and in Full Council.*

[Appendices 3a and 3b to this current report to be added to appendix B of the financial rules as below:]

B.4. Alternative budget preparation – indicative timetable and template for proposals