25 February 2015	ITEM: 11
Council	
2015/16 General Fund Budget Report	
Wards and communities affected: All	**Key Decision:** Yes
Report of: Councillor John Kent, Leader of the Council	
Accountable Head of Service: Sean Clark, Head of Corporate Finance and Section 151 Officer; Karen Wheeler, Head of Strategy & Communications	
Accountable Director: Graham Farrant, Chief Executive	
This report is Public	

Executive Summary

There have been a number of reports presented to Cabinet since July 2014 on the budget pressures and progress in meeting those pressures covering the financial years 2015/16 through to 2017/18.

The report considered by Cabinet on 11 February 2015 reported a balanced budget for 2015/16 but continuing budget pressures for the period 2016/17 – 2017/18. The budget report recommended a Council Tax increase of 1.99% to the Cabinet but this was amended by the Leader of the Council and so this report now recommends that the Council agrees to a zero percent increase and accepts the freeze grant.

1. Recommendation(s):

That the Council:

1.1 Considers and acknowledges the Section 151 Officer's (Head of Corporate Finance's) report on the robustness of the proposed budget, the adequacy of the Council's reserves and the Reserves' Strategy as set out in Appendix 1, including the conditions upon which the following recommendations are made;

1.2 Confirms the Council Tax Band D for 2015/16 at £1,124.64, representing a zero percent increase (excluding other preceptors);

1.3 Approve a General Fund net revenue budget for 2015/16 of £109,771,385 allocated to services as set out in paragraph 2.33;

1.4 Note the Medium Term Financial Strategy and budget challenges as set out in paragraphs 2.34 to 2.40 and Appendix 2 and instruct officers to identify the significant savings to balance the period 2016/17 to 2018/19;

1.5 Approve the Dedicated Schools Grant as set out in paragraphs 2.41 to 2.52 and Appendix 3;

1.6 Approve the new General Fund capital schemes as set out in Appendix 4;

1.7 Agree that any expenditure related to Gloriana Thurrock Ltd be deemed as part of the capital programme and

1.8 Delegate to Cabinet:

1.8.1 **The agreement of the Public Buildings capital allocation subject to a business case;**

1.8.2 **The approval of any expenditure, including loan and equity advances, related to Gloriana Thurrock Ltd developments**

1.8.3 **The ability to agree schemes where it can be evidenced that there is a spend to save opportunity and these be deemed as part of the capital programme; and**

1.8.4 **The ability to agree schemes that use any unbudgeted contributions from third parties, including those by way of grants or developers' contributions, and these be deemed as part of the capital programme.**

<u>Statutory Council Tax Resolution</u>

(Members should note that these recommendations are a result of the previous recommendations above and can be agreed as written or as amended by any changes agreed to those above).

1.9 Calculate that the Council Tax requirement for the Council's own purposes for 2015/16 is £53,857,885 as set out in the table at paragraph 2.33 of this report.

1.10 That the following amounts be calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act:

(a) £341,300,896 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.

(b) £287,443,011 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £53,857,885 being the amount by which the aggregate at 1.9(a) above exceeds the aggregate at 1.9(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(d) £1,124.64 being the amount at 1.9(c) above (Item R), all divided by Item T (Council Tax Base of 47,889), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

(f) £1,124.64 being the amount at (d) above less the result given by dividing the amount at (e) above by Item T, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

1.11 To note that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the tables below.

1.12 That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2015/16 for each part of its area and for each of the categories of dwellings.

2015/16 COUNCIL TAX FOR THURROCK PURPOSES EXCLUDING ESSEX FIRE AUTHORITY AND ESSEX POLICE AUTHORITY

Amounts for the Valuation Bands for 2015/16							
A £	B £	C £	D £	E £	F £	G £	H £
749.76	874.72	999.68	1,124.64	1,374.56	1,624.48	1,874.40	2,249.28

1.13 That it be noted that for the year 2015/16 Essex Police Authority has stated the following amounts in precept issued to the Council for each of the categories of dwellings as follows:

Amounts for the Valuation Bands for 2015/16							
A £	B £	C £	D £	E £	F £	G £	H £
98.10	114.45	130.80	147.15	179.85	212.55	245.25	294.30

1.14 That it be noted that for the year 2015/16 Essex Fire Authority has stated the following amounts in precept issued to the Council for each of the categories of dwellings as follows:

Amounts for the Valuation Bands for 2015/16							
A £	B £	C £	D £	E £	F £	G £	H £
44.28	51.66	59.04	66.42	81.18	95.94	110.70	132.84

2015/16 COUNCIL TAX (INCLUDING FIRE AND POLICE AUTHORITY PRECEPTS)

Amounts for the Valuation Bands for 2015/16							
A £	B £	C £	D £	E £	F £	G £	H £
892.14	1,040.83	1,189.52	1,338.21	1,635.59	1,932.97	2,230.35	2,676.42

2 Introduction and Background

The Process for Agreeing the Council's Budgets

2.1 The Council must set its annual revenue budget and associated Council Tax by 11 March of the preceding financial year. If, for whatever reason, the Council cannot agree a budget and Council Tax at its meeting on 25 February 2015, members should be aware that it is unlikely that the Council Tax bills could be sent out in time for April instalments (taking into account the necessary notice period and the time required to print the bills and accompanying information).

2.2 It is also good practice to approve the capital programme at the same time because there is an interdependency between the budget streams. Fees and Charges were approved by Cabinet on 11 February 2015.

2.3 The Housing Revenue Account (HRA) budget needs to be agreed in a timely manner to ensure that rent increases can be reflected from 1 April of each year. A separate report on this agenda deals with Housing Rents, Charges and the HRA revenue and capital budgets for 2015/16.

2.4 This report presents the proposed 2015/16 General Fund revenue and capital budgets, as per the recommendations of the Cabinet that have been formed through budget reports presented to each Cabinet since July 2014.

2.5 The Head of Corporate Finance's statutory statement on the robustness of the estimates and adequacy of reserves under s25 of the Local Government Act

2003 is included at Appendix 1. This must be considered by Council before approving the budget and Council Tax.

Revenue

The 2014/15 Budget Position

2.6 The Cabinet has received reports on the 2014/15 budget position throughout the year. The report considered at the meeting on 11 February 2015 reported budget pressures within Children's services of £0.3m. Officers were working on reducing this pressure but, at the time of writing, the outcome is unknown, but it is confirmed that there will be no call on reserves.

2.7 Officers have secured additional grant due to the magnitude of business rate losses in 2013/14. This is as a result of receipts falling by more than 7.5% below the Council's baseline and represents the difference between that collected and the 7.5% figure. This grant is being utilised to balance the 2014/15 budget position.

The 2015/16 Proposed Revenue Budget

Government Funding – Formula Grant and Business Rate Retention

2.8 Formula Grant now provides approximately 23% of the funding for the Council's net non-schools revenue budget and so represents a significant factor in determining the Council's revenue budget.

2.9 Until 2013/14, Formula Grant had been the sum of Revenue Support Grant (RSG) and the national reallocation of National Non Domestic Rates (NNDR) (Business Rates).

2.10 Since 2013/14, the Business Rates Retention scheme has been in operation and mirrors the approach above – overall grant calculated on the basis of perceived need – though transfers the risk or opportunity of business rate fluctuation to councils.

2.11 The Retention scheme works on a baseline position largely based on receipts between 2011 and 2013. The government estimated that the Council would collect circa £105m in 2013/14 of which it would be allocated a share of 49%, circa £52m. The perceived need under the Formula Grant was £29m and so a fixed tariff of £23m was set – this is an annual amount to be paid, uplifted annually by the percentage increase in business rate inflation – and is payable no matter whether the £105m was accurate or not.

2.12 There have been three significant events that have impacted on the amount that the Council is able to collect:

2.12.1 The closure of Petroplus. Although Petroplus closed before 2013/14, the amount billable was included in the calculation of the baseline due to the timing of that calculation. This has an annual impact of reducing resources to the Council of £2.5m;

2.12.2 The closure of Tilbury Power Station. This has an annual impact of reducing resources to the Council of £1.6m; and

2.12.3 Valuation Appeals. Businesses have the right to appeal to the Valuation Office on the rateable value that has been set for their business. If the business wins, there is an ongoing reduction in business rates payable but could also be a backdated refund, even where this period goes back to before 2013/14 when the Council took responsibility for local retention. The provision for historic refunds was estimated at £12m as at 31 March 2014 and this has a one off impact of £5.9m on the resources of the Council and an ongoing annual impact of £2m per annum.

2.13 For 2015/16, the Council expects to collect in the region of £109m of which the Council will be able to retain £30m.

2.14 In terms of the Revenue Support Grant (RSG), the draft Local Government Finance Settlement (LGFS) was announced on 18 December 2014 and has just been confirmed.

2.15 The government has, in recent years, used the term 'Spending Power' to headline this announcement. Spending Power brings together a number of figures relating to various grants as well as assumptions for both business rate and Council Tax income.

2.16 The headline, nationally, is that there is a 1.8% reduction in spending power. The headline for Thurrock Council was a 2.2% reduction. There are a number of aspects of this approach that mask the real impact on the amount of money available to finance traditional local authority services:

- The amounts included for both Council Tax and business rates are notional and not truly reflective of Thurrock's position;

- Specific grants and services included within the spending power analysis and RSG specifically, change annually and, although changes are made to the comparative year do influence the percentage change;

- Some of these amounts are ring fenced for specific and often new services to be delivered by local authorities. With these amounts protected, it means that the amount available for traditional services is less than the headline reduction; and

- In this settlement, circa £9m of health related funding previously financed by the Thurrock Clinical Commissioning Group (CCG), has been included within the 2015/16 spending power thus increasing the headline amount available for local authority services despite most of this money going to fund NHS services locally, rather than being available to the Council.

2.17 Due to the above issues, Thurrock's officers have reported on the actual reduction in grant available for non-ring fenced services. Comparing like with like, Thurrock Council received £40.650m in 2014/15 to finance traditional services and to provide support to schools.

2.18 The amount receivable in 2015/16 has been calculated at £30.473m, an overall reduction in funding of £10.177m or 25%.

Council Tax Base 2015/16 and Estimated Collection Fund Balances

2.19 The Council Tax Base for 2015/16 was approved by the Council on 28 January 2015 at 47,889, an increase of 1,445 properties that equates to an increase in Council tax income of £1.6m on a Band D property of £1,124.64.

2.20 Although there is an overall increase in the amount of properties within Thurrock, this increase also reflects better collection rates and less residents eligible for the Local Council Tax Scheme (LCTS).

2.21 The Council is required to estimate every January, the estimated balance on the Collection Fund for both Council Tax and Business Rates. This balance represents the difference between what the Council expected to be collectable when the budget was originally set and what that estimate is calculated at some twelve months later.

2.22 The main reasons for variations are:

2.22.1 For Council Tax: number of properties, collection rates and the numbers on LCTS; and

2.22.2 For Business Rates: the overall rateable value, collection rates and the impact of appeals.

2.23 Any surplus or deficit is then shared out amongst the main preceptors and the government based on their original precepts or allocations.

2.24 On 28 January 2015, the Council agreed the following:

2.24.1 For Council Tax, a <u>surplus</u> of £1,164,181 be allocated as follows:

	£
Thurrock Council	980,495
Essex Police Authority	125,779
Essex Fire Authority	57,907

2.24.2 For Business Rates, a <u>deficit</u> of £8,896,308 be allocated as follows:

	£
Thurrock Council	4,359,191
Central Government	4,448,154
Essex Fire Authority	88,963

Council Tax

2.25 The Localism Act 2011 introduced the concept of a referendum where a proposed Council Tax increase exceeds its excessiveness principles either by the billing authority or one of its major preceptors. The level of excessiveness for 2015/16 has been announced at 2% for Principal Authorities.

2.26 Members will also be aware that the government is once again offering councils a freeze grant equivalent to 1% of the Council Tax receivable before the introduction of the LCTS and this equates to £0.613m. At their meeting on 11 February 2015, the Cabinet agreed to propose accepting the freeze grant and these budget papers and recommendations assume this approach.

2.27 Should members decide to increase the Council Tax to the referendum limit, this would increase the Council's overall resources by £0.456m.

2.28 Should Members decide to agree an increase in excess of the referendum limit there remains an onus on the authority to calculate an alternative budget that does not breach the limit. The referendum would have to be held in May and would effectively require a vote between the two potential budgets.

2.29 The total Council Tax payable consists of Thurrock Council's element plus the precepts of the Essex Police and Fire Authorities.

Proposed General Fund Revenue Budget 2015/16

2.30 Cabinet has considered detailed reports at each of its meetings in this municipal year following on from the Council budget report in February 2014.

2.31 Each report has tracked changes from that budget report explaining changes to assumptions, identifying further pressures and offsetting the deficit through a number of savings proposals, including savings required to balance the budget in future years. Group Leaders have also been appraised of the process and the long-term approach to the budget within the MTFS.

2.32 The report to Cabinet in February 2015 recommended an approach that, subject to all proposals being accepted and a Council Tax increase of 1.99%, would deliver a balanced budget for 2015/16. At that meeting, the Cabinet:

2.32.1 Moved changes to the proposed savings through fortnightly refuse collection, in line with the motion agreed at the Council meeting on 28 January 2015; and

2.32.2 Moved a recommendation to freeze Council Tax and finance this through the remaining contingency that had been built into the proposed budget.

2.33 Considering all of the factors that have been set out in this and previous reports, the proposed net General Fund revenue budget is £109,771,385 as set out in the table below:

	£
Adults, Health and Commissioning	45,525,557
Chief Executive and Delivery Unit	7,681,549
Children's	38,841,356
Environment	13,576,846
Housing	2,232,508
Planning, Transportation and Public Protection	11,394,309
Specific Grants	(8,133,896)
Service Budget Total	**111,118,229**
Levies	542,200
Capital Financing	(1,889,044)
Net Expenditure	**109,771,385**
Financed by:	
Revenue Support Grant	(25,634,665)
NNDR	(30,266,148)
Collection Fund Balances	3,378,696
New Homes Bonus	(2,796,000)
Council Tax Freeze Grant	(613,383)
Contribution to Reserves	18,000
To be funded through Council Tax	**53,857,885**

Medium Term Financial Strategy

2.34 Previous reports, specifically the Cabinet report in August 2014, have made it clear that the levels of service and methods of delivering those services are no longer sustainable.

2.35 The savings agreed for the next financial and then subsequent years have already led to staffing reductions, the need to manage demand though earlier intervention, some changes to delivery methods and service reductions amongst others and these have been harder to identify than efficiencies and reductions in previous years and will also be harder to deliver.

2.36 What has been clear is that the impact of each round of savings over the last five years has become more difficult each year and the impact on residents and staff more noticeable.

2.37 The table included in Appendix 2 shows the forecasts for the financial years 2016/17 through to 2018/19 as budget deficits of £9.966m, £5.422m and £11.306m respectively and are based on the following assumptions:

2.37.1 Annual increases in Council Tax;

2.37.2 Grant reductions of a similar magnitude;

2.37.3 The 2015/16 budget being both set and ultimately delivered as balanced; and

2.37.4 All current savings proposals that have also been set for future years being delivered, including those relating to Terms and Conditions and Serco.

2.38 This year we have seen proposals that have caused significant concern and challenge from Members, partners and residents. These have included savings relating to: the voluntary sector; controlled parking zones; waste collection; the scale of reductions to libraries; and the Thameside. In some cases, proposed savings in these areas have either been removed or reduced.

2.39 Officers are clear that, as a minimum, all of these will need to be revisited going forward as the further reductions in grant funding take hold, especially if demand continues to grow as forecast. In fact, all discretionary elements of what the Council does will need to come under increasingly intense scrutiny, but it is recognised that these are often the services most popular with residents and Members.

2.40 The scale of future budget reductions, as set out in Appendix 2, are such that work is already underway to consider how we robustly challenge the delivery of services beyond 2015/16. Although there are opportunities presented by the significant growth initiatives in Thurrock and ongoing work with strategic partners including businesses and health, further impact on residents and staff through spending reductions will be unavoidable.

Government Funding – Dedicated Schools Grant

2.41 The Dedicated Schools Grant (DSG) was introduced in 2006/07 as a 100% specific grant to fund the schools' budget.

2.42 Since 2013/14 the Grant has been split into three blocks, these are Schools Block, High Needs Block and Early Years Block. Whilst the DSG is ring fenced the separate blocks are not ring fenced to each area, however any movement from the Schools block would need to be agreed by the Schools Forum.

2.43 The Original allocation of the DSG was calculated based on the 2012/13 spend. For 2014/15 the Education Funding Agency (EFA) reviewed the rates and made additional funding allocations of £390m to 69 local authorities to bring their level of funding to calculated minimum rates. Thurrock did not attract any of this additional funding.

2.44 The Schools block and the Early Years block are uplifted, based on a multiple of pupil numbers and unit value; however where there is population growth there is no increase to the High Needs block which represents 15% of total DSG funding and the greatest risk area for the Council.

2.45 Within the Schools block, the Local Authority is not permitted to increase the central expenditure beyond the levels of 2012/13, which relates to prior commitments. All other funding is delegated to schools to manage locally.

2.46 The DSG allocation is based on the October pupil count and allocations were given in December for the Schools and High Needs blocks with an indicative allocation of the Early Years block which is updated for actual pupil take up during the year.

2.47 For 2015/16, Local Authorities have had a cash transfer to DSG to fund Academies and Free Schools, previously directly funded by the Education Funding Agency. This does not represent a real cash increase to the Council as the money is then recouped from the Authority and paid to the Schools. This represents a paper increase in DSG of 6.8%.

2.48 Overall there has been little change in the pupil numbers this year that has meant that the cash increase adjusted for the new transfer into the DSG is 0.4%. As this relates to pupil number changes it is passed directly to schools and early years providers.

2.49 The allocation of funding for Special Schools and the Pupil Referral Unit (PRU) is no longer included as Schools funding but is included in the High Needs Block.

2.50 DSG is calculated for all schools in Thurrock, including Academies, and the budgets are calculated using the Thurrock funding formula. The EFA then recoup funding to be distributed to Academies and a net Grant is paid to the

Authority. This ensures that Academies and maintained schools are funded on the same basis. All figures in this report are gross.

2.51 The per pupil rate of Schools block DSG paid to Thurrock is £4,424.84 and the early years pupil rate is £3,715.04. The total value of the DSG paid for 2015/16 is £134.936m (Gross before Academy recoupment) made up of:

a)	Schools Block	£98.754m
b)	High Needs Block	£20.466m
c)	Early Years Block	£6.608m
d)	Additional Allocation*	£8.075m
e)	Non block addition	£0.033m

(*attributable to School's Block)

2.52 At the end of 2014/15 all but one secondary school has converted to Academy status, 23 of the 40 Primary Schools and one of the two Special Schools. There are two schools due to convert early in 2015/16, as is the PRU.

Reserves

2.53 The Council's total useable reserves as at 1 April 2014 were £54.167m. However, a number of these reserves are for capital, schools and the HRA. The estimated balance available for GF purposes as at 1 April 2015 is just £9m made up of £1m earmarked for schools' improvements and the General Fund unearmarked balance of £8m. This balance is in line with the Council's optimum level of reserves as set out in the 2014/15 budget papers.

2.54 There is no set formula to determine this balance but it is for the Council's S151 Officer to consider the Council's past financial performance and risk to the budget over the future medium term and to then recommend a balance to the Council. It is, however, for the Council to set this balance considering that recommendation.

2.55 The Council has now delivered within budget for each of the financial years 2010/11 through to 2013/14 and expects to do so again in 2014/15. This in itself reduces the risk and would have traditionally given the S151 Officer the opportunity to recommend a lower balance. However, this needs to be measured against the ongoing financial difficulties that the Council will face. This report has already stated that delivering savings is becoming increasingly difficult and this will continue through the medium term.

2.56 The suite of reports considered by Cabinet between July 2014 and February 2015 have been clear that a number of the proposals come with elements of risk, especially those that react to demand and for targeted savings from contracts. Those same reports, and earlier in this report, have also spelt out the significant impact movements in business rates can have on the Council's resources.

2.57 Considering the above, the recommendation is to maintain the General Fund balance at £8m for 2015/16.

Capital

2.58 Capital is defined as expenditure incurred on the acquisition or creation of assets needed to provide services such as houses, schools, vehicles, etc. This is in contrast to the revenue expenditure that is the spending on the day to day running costs of services, such as employee costs and supplies and services. Capital grants, borrowing and capital receipts are the main funding sources for capital expenditure but these sources cannot be used to finance revenue expenditure.

2.59 Under the Local Government Act 2003, each authority can determine how much it can borrow within prudential limits (prudential borrowing). This is not supported financially by either revenue or capital grants and so the cost of borrowing is charged to the revenue account and therefore met by Council Tax or income.

2.60 In recent years the Council has seen an asset disposal programme that has achieved reasonable success. These receipts have largely been used to repay debt and so reduce financing costs. Further receipts over and above those budgeted for the repayment of debt are expected in 2015/16 and are expected to contribute £2m to the available resources for new projects.

2.61 Since 2010, the MTFS has assumed a sum for prudential borrowing and, for 2015/16, this sum stands at £3m. Together with forecast capital receipts, this provides a budget envelope of £5m. The recommended allocations against this sum are included in Appendix 4.

2.62 Key points include:

2.62.1 An allocation to public buildings but, recognising that there is uncertainty over the future of the Thameside and the impact this may have on the Civic Offices, it is recommended that final approval for the release of the funds be allocated to Cabinet;

2.62.2 Any advances to Gloriana Thurrock Ltd are dependent on business cases being agreed first by a cross party governance group that also includes the Chief Executive and Head of Corporate Finance and then by the Cabinet. It is also recognised that to maximise the value of the site or development, that the Council may need to incur expenditure for, as an example, site preparation. As any expenditure is dependent on the number, size and complexity of sites that come forward, as well as the results of tenders, is it recommended that approval be delegated to cabinet to make any final decisions and this expenditure be deemed as part of the capital programme;

2.62.3 On occasions throughout the year, opportunities for a spend to save project are identified. It is recommended that where a project comes forward that will either create additional income or reduce costs, that the decision be delegated to Cabinet and the expenditure be deemed as part of the capital programme; and

2.63 Throughout the year there are often examples of third party income be received towards capital expenditure. Examples include developers' contributions and grants from various sources. It is recommended that Cabinet be delegated authority to approve projects financed from third party contributions and the expenditure be deemed as part of the capital programme.

3 Issues, Options and Analysis of Options

3.1 The savings proposals that are being implemented have already been agreed through Cabinet after the appropriate consultation.

3.2 The main options in this report include the level of Council Tax and the allocation of funding towards capital projects.

3.3 As this report sets out a balanced budget for 2015/16, the main issues focus on the savings required from 2016/17 onwards although the pressures on delivering the 2015/16 budget should not be underestimated.

4 Reasons for Recommendation

4.1 The Council has a legal obligation to ensure that any budget set can be met from the combination of Council Tax, business rates, grants, other income and reserves. Maintaining a Medium Term Financial Strategy is the foundation of this requirement to ensure that Members and officers are aware of the Council's financial position to be able to manage it accordingly.

4.2 The reduction in funding to the Council is unprecedented at a time when demand on services is growing, requiring a fundamental change in the way the Council approaches addressing the budget gap and in considering the future shape of the Council going forward.

4.3 The budget envelopes presented in this report have been formed by the suite of reports considered at every Cabinet between July 2014 and February 2015.

5 Consultation (including Overview and Scrutiny, if applicable)

5.1 The Leader, Portfolio Holders and Directors Board have been consulted on developing the savings proposals. Group Leaders have been offered a presentation on the budget and MTFS for their groups to understand the overall financial position.

5.2 Savings proposals have been subject to appropriate consultation including through Overview and Scrutiny Committees and more widely with the public.

5.3 The outcomes of the remaining consultations will feed into the final proposals put forward for decision making at the earliest opportunity as part of a rolling timetable followed by implementation.

5.4 Internal consultation with staff on specific proposals, particularly where there is a restructure, have and will continue to be in line with HR policy and guidelines. Discussions have taken place with Trade Unions.

6 Impact on corporate policies, priorities, performance and community impact

6.1 The issues set out in this report have wide ranging implications for the Council, the way it works and the services it provides. The cumulative impact of such a significant reduction in budget and the implementation of savings proposals will reduce service delivery levels and our ability to meet statutory requirements and therefore impact on the community and staff. The potential impact of the savings proposals on the Council's ability to safeguard children and adults will be kept carefully under review and mitigating actions taken where required.

7 Implications

7.1 **Section 151 Comment**

Implications verified by: **Sean Clark**

Head of Corporate Finance/S151 Officer

Members will be aware that I have a statutory obligation to complete a statement on the robustness of the estimates when you consider the budget at the February budget meetings. Cabinet have already considered a number of savings and I note significant risk in the delivery of some of these proposals, especially where they relate to demand led services and where savings are dependent on other organisations agreeing or delivering savings. The past four years have demonstrated strong financial management within the Council and this provides me with some comfort that these will be delivered. However, I need to strongly advise that the balance of savings is focussed primarily on where the delivery is within the control of the Council. This will undoubtedly make decisions for Members more difficult as they are more likely to impact on services that affect residents to a greater degree or conflict with political ambition and narrative.

7.2 **Financial**

Implications verified by: **Sean Clark**

Head of Corporate Finance/S151 Officer

The financial implications are set out in the body of this report. Detailed financial implications will be provided in business cases for each of the proposals.

Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. This must also include a consideration of the risk in achieving that budget and so robust monitoring of accepted proposals will be essential throughout the coming years.

Regular budget monitoring reports will continue to come to Cabinet and be considered by the Directors Board and management teams in order to maintain effective controls on expenditure during this period of enhanced risk. Austerity measures in place are continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.

7.3 **Legal**

Implications verified by: **Fiona Taylor**

Head of Legal and Democratic Services

There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. The Local Government Finance Act 1988 (Section 114) prescribes that the responsible financial officer "must make a report if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority". This includes an unbalanced budget.

There are no specific legal implications as a result of this report, however, any implications of specific savings proposals will be set out in individual business cases to inform consultation and final decision making.

7.4 **Diversity and Equality**

Implications verified by: **Natalie Warren**

Community Development and Equalities Manager

Each savings proposal with changes to the service which required public consultation has a detailed business case setting out how the savings will be achieved including the level of service reduction and mitigating actions. As part of developing the business case, a comprehensive Community and Equality Impact Assessment (CEIA) was completed and informed by any consultation outcomes. Directorates were required to complete a cumulative impact assessment. An assessment of the cumulative impact from all Directorates has been completed by the Community Development and Equalities team to inform final decision making on the savings for 2015/16 and beyond.

It was recognised that there is likely to be a cumulative impact on the voluntary and community sector due to proposals to both reduce core grants and specific grants currently provided by services across the Council, as well as reductions to commissioned services. In December 2014, Cabinet agreed changes to the savings proposals impacting the sector in order to mitigate this.

7.5 **Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)**

Any other significant implications have been identified in each savings proposal business case to inform the consultation process and final decision making.

8 Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Budget working papers including previous MTFS
- Budget savings proposals working papers and business cases
- Cabinet reports - 2013/14 Draft Outturn and MTFS Update and Shaping the Council 2015/16 and Beyond, July, August, September, November, December 2014 and January, February 2015
- The Local Government Finance Settlement

9 Appendices to the report

- Appendix 1 – Report of the Council's Section 151 Officer under Section 25 of the Local Government Act 2003: Robustness of Estimates and Adequacy of Reserves
- Appendix 2 - Medium Term Financial Strategy
- Appendix 3 – Schools' Budget
- Appendix 4 – General Fund Capital Programme Additions

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