

## CABINET

13 July 2021

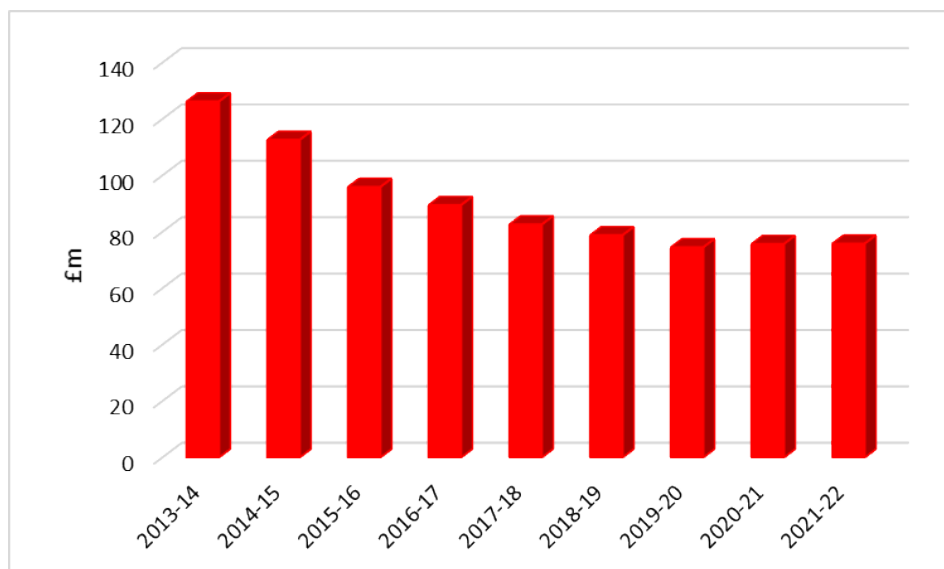
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|---|---|
| <b>Title:</b> Medium Term Financial Strategy and Reserves Policy 2021-22 to 2025-26   |   |
| <b>Report of the Cabinet Member for Finance, Performance and Core Services</b>  |   |
| <b>Open Report</b>  | <b>For Decision</b>   |
| <b>Wards Affected:</b> All  | <b>Key Decision:</b> Yes  |
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| <b>Accountable Director:</b> Philip Gregory, Finance Director (S151 Officer)  |   |
| <b>Accountable Strategic Leadership Director:</b> Claire Symonds, Managing Director   |   |
| <b>Summary</b><br><p>This report sets out a draft Medium-Term Financial Strategy (MTFS) and Reserves policy for the period 2021-22 to 2025-26 for key council (General Fund) services. It shows how the delivery of a strategy for a new kind of council goes hand in hand with organisational financial health. It has been prepared recognising the financial uncertainty as a result of the COVID-19 pandemic and from uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2023-24 at the earliest, whilst taking into account anticipated demands and pressures.</p> <p>The MTFS identifies a cumulative gap of £25.1m during the MTFS period. This gap is to be closed through targets for both short term and longer-term interventions which will require budget savings to be delivered to ensure a medium term financially balanced position. The report also sets out principles for a robust reserves policy.</p> |   |
| <b>Recommendation(s)</b><br><p>Cabinet is recommended to:</p> <ul style="list-style-type: none"><li>(i) Approve the Medium Term Financial Strategy and Reserves Policy 2021-22 to 2025-26 as set out in Appendices A and C to the report and the approach proposed to ensure the financial health of the Council over the medium term;</li><li>(ii) Approve the 2021/22 budget adjustments as detailed in paragraphs 9.1 - 9.5 of the report;</li><li>(iii) Approve the addition to the Capital Programme and drawdown of up to £927,000 from the Parking Reserve to fund upgrades to the CCTV control room and cameras, as detailed in paragraphs 9.6 - 9.9 of the report; and</li><li>(iv) Approve the drawdown of £1.05m from the Investment and Acquisition Strategy (IAS) reserve to fund additional resources to support the delivery of IAS returns, as detailed in paragraph 9.10 of the report.</li></ul>  |   |

## Reason(s)

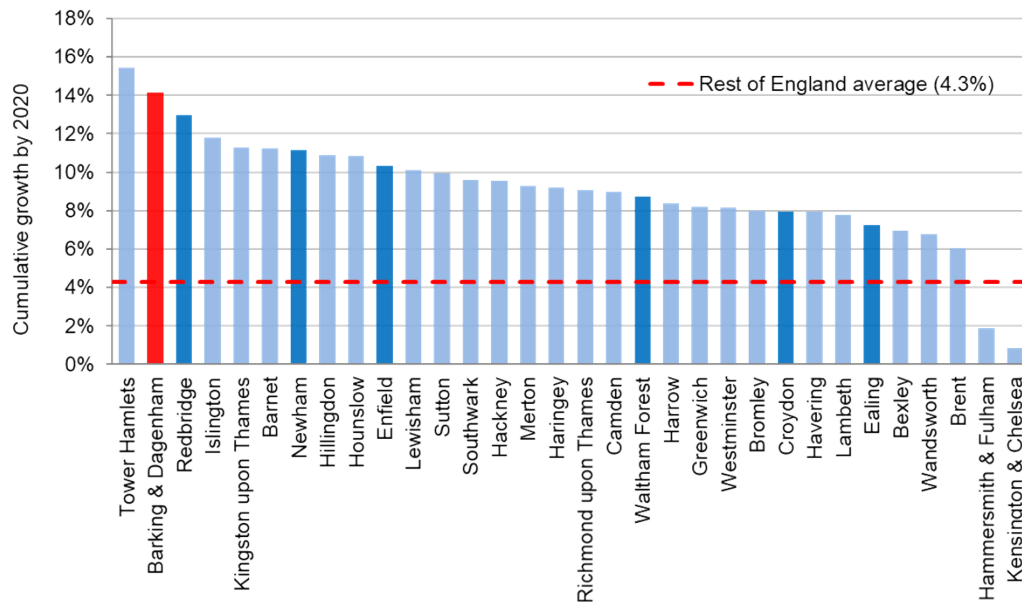
The setting of a robust and balanced Medium Term Financial Strategy will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's vision of One borough; one community; London's growth opportunity and delivery of the priorities within available resources.

### 1. Introduction and Background

- 1.1. This report sets the context for the future financial position for the London Borough of Barking and Dagenham. The Medium Term Financial Strategy (MTFS) is a statement on the council's approach to the management of its financial resources to meet its Corporate Priorities. The MTFS also considers the appropriate level of reserves that the Council holds to mitigate current and longer term risks.
- 1.2. In February 2021, Assembly approved the budget for 2021-22 including an indicative forward forecast for future years.
- 1.3. The funding the Council receives from government has consistently reduced since public sector austerity was introduced in 2010-11. In 2013-14 local government were allocated a share of business rates from their area. Since 2013-14 government grants have reduced by over 40%. In 2013-14 our grant was £126m, in 2021-22 our grant is £76m.



- 1.4. Barking and Dagenham also has seen the second highest population growth in London during the same time period and almost 10% higher than the average English local authority. Our residents tend to be younger than the average in other London boroughs and many of our residents face a range of challenges and disadvantages that mean that they may need help and support from the Council at some point.



- 1.5. The combination of reducing funding and a growing population meant the Council had to do something in order to be able to continue to provide services to local residents and businesses. The Ambition 2020 programme began in 2017 and delivered a New Kind of Council whilst setting out plans to deliver almost £50m in savings and increased income. A primary focus of the programme was to maximise housing, business and economic growth within the borough.
- 1.6. The COVID-19 pandemic has had a profound and unprecedented impact on the activity and finances of the council since March 2020 and this is likely to continue throughout 2021-22 and beyond into the medium term. The pandemic has resulted in three major financial effects on the council's financial position:
  - Additional costs
  - Income loss
  - Agreed savings at risk
- 1.7. The financial scarring effects of the pandemic will continue to impact demand for services and income due to the council for many years to come. Whilst the council is not alone in facing these challenges this does not lessen the scale of the challenge and the impact on the residents and businesses within the borough.
- 1.8. The financial framework was anticipated to change as a result of the Ministry of Housing, Communities and Local Government (MHCLG) Fair Funding review from 2019-20. The Government has not begun consultation on introducing these reforms from 2022-23 which implies that another one-year financial settlement will be provided for 2022-23 with longer term funding reforms being introduced in 2023-24 at the earliest.
- 1.9. The impact of these delays to funding reform on the council is by no means clear. However, the MTFS brings together anticipated demands and pressures and sets out how the council will ensure a balanced medium-term position.
- 1.10. Medium term financial planning must make assumptions about the future demand profile and cost pressures on expenditure and on factors that affect income sources. The MTFS represents a summary of these assumptions and their impact on the funding of the council.

- 1.11. The MTFS sets the financial envelope within which the council must fund its activities in order to set a balanced budget in each of the next 4 years. In order to begin the budget setting process for 2022-23 and beyond it is therefore prudent to revise the MTFS at the beginning of the budget setting process. Throughout the summer and autumn services plans and budgets will be produced to deliver a balanced budget for 2022-23. In addition, this process will allow the council to identify where savings may be achieved in future years and begin planning their delivery.
- 1.12. The MTFS provides assurance on the intended use and the overall level of reserves and the extent of underpinning commercial and financial planning risk.

## 2. Council Priorities and Strategic Framework

- 2.1. The MTFS is underpinned by three key strategic priorities for the council to ensure that resources are aligned with their delivery:
- **Inclusive Growth.** All activity related to homes, jobs, place and environment will be organised into a single strategy, focused on intervening in our economy in order to improve economic outcomes for all residents.
  - **Prevention, independence and resilience.** All activity relating to people facing public service will be organised into a single strategy, focused on intervening in society in order to improve health and wellbeing outcomes for all residents, at every stage of life.
  - **Participation & engagement.** All activity related to community engagement and social infrastructure will be organised into a single strategy focused on giving every resident the power to influence local decisions, and to pursue their version of the good life.
- 2.2. These strategic priorities will sit alongside our continued efforts to build and embed our **new kind of council** and will drive all council activity in the years ahead. Critically, each has an important part to play in managing future demand on council services. The financial position set out in the MTFS is designed to reflect this position.
- ## 3. COVID-19
- 3.1. The COVID-19 pandemic has continued to have a profound and unprecedented impact on the activity and finances of the council. The pandemic has resulted in three major financial effects on the council's financial position:
- Additional costs
  - Income loss
  - Agreed savings at risk
- 3.2. This pandemic occurred after many years of financial pressures for local authorities. Even without COVID-19 there were underlying overspends or pressures in a number of areas, some of which worsened during the pandemic. There has been significant financial turmoil from many different aspects of their local roles, both from the delivery of services and as a conduit for central government to support local businesses.

- 3.3. The Government has provided significant financial support both directly to Councils, but also to support local business with rates relief and support grants, which have been distributed through Councils. This Council has distributed over 9,000 grants to businesses with a value of over £46m since April 2020.
- 3.4. An impact of this has been the outturn position from 2020-21 reflects the early advancement of support from Government. Our outturn showed an overspend in services of £26.130m whilst additional grant income totalled £28.081m resulting in an underspend of £1.951m after transfers to reserves. The impact of this grant support is that these advance funds are held in reserves to be deployed in 2021-22 to support services.
- 3.5. The current expectation remains that there will no further Government support beyond what has been announced for Q1 2021-22 through direct grants or sales, fees and charges income guarantees. It is expected that the delay to the end of lockdown will increase the demand for services and financial pressure within the borough. In particular, there is a risk of increased unemployment and poverty once the furlough scheme comes to an end with associated mental and physical needs that require support from the Council.

#### 4. Medium Term Financial Strategy Forecasts

- 4.1. The budget report to Cabinet in February 2021 set out the following financial forecasts:

**Table 1: Financial position reported in February 2021**

|                          | 2021-22<br>£m | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m |
|--------------------------|---------------|---------------|---------------|---------------|
| Budget Gap (incremental) | -             | 6.525         | 7.567         | 7.117         |
| Budget Gap (cumulative)  | -             | 6.525         | 14.092        | 21.209        |
| Council Tax Assumption   | 4.99%         | 2.99%         | 2.99%         | 2.99%         |

- 4.2. A review of the assumptions within the MTFS has been undertaken to inform this update, rolling forward these to 2025-26 to present the updated MTFS position. As shown in Table 2 the budget gap has increased from £21.209m to £25.060m.

**Table 2: Recommended changes to the MTFS**

|                          | 2022-23<br>£m | 2023-24<br>£m | 2024-25<br>£m | 2025-26<br>£m |
|--------------------------|---------------|---------------|---------------|---------------|
| Budget Gap (incremental) | 6.525         | 7.567         | 7.117         | -             |
| Updates                  | (1.415)       | (0.800)       | (0.035)       | 6.416         |
| Budget Gap (incremental) | 5.110         | 6.767         | 6.767         | 6.416         |
| Budget Gap (cumulative)  | 5.110         | 11.877        | 18.644        | 25.06         |

- 4.3. The strategy to address the funding gap is through the following routes:

- Savings proposals: those that have been identified and those that are proposed for approval in this report.
- Delivery of the corporate plan priorities and agreed transformation programmes to deliver sustainability in the longer term.
- Continue to identify new investment opportunities to secure financial sustainability and deliver regeneration for the borough.

4.4. The CFO has assessed the minimum level of general fund balances at £12m and the Council currently holds £17m.

4.5. The Council uses reserves to support medium term financial planning and management. This is particularly important in the current economic climate and uncertainty regarding the impact of COVID-19 and delays to local government funding reforms. The strategy of the Council, launched through Ambition 2020, was one focused on growth and investment in the borough. It is therefore necessary to hold reserves at sustainable levels to dampen the effect of short-term changes in the economy without putting at risk the longer term goal of growth.

## 5. Key Assumptions

5.1. There are a number of assumptions that underpin the updated MTFS including:

5.2. There is an assumption of full achievement of previously approved transformation savings of £10.35m. These savings were planned to be realised by the end of 2020-21 however these savings have been reprofiled into 2021-22 as a result of the COVID-19 pandemic. The progress of the delivery of approved savings is reported in the regular budget monitoring reports to Cabinet. Any savings that are not delivered in full will result in an overspend and an increased drawdown on reserves.

5.3. Settlement funding from Government will continue on the same principles that were applied in 2021-22. The Government is anticipated to bring forward the fair funding review and business rates reset in 2023-24. The impact of the delay to the business rates reset is a reduction in income of c£5m per year across the MTFS period. If these reforms were to be introduced from 2022-23 the savings requirement over the medium term would reduce from £25.1m to £5.1m.

5.4. Indicative council tax increases of 2.99% have been included. This may include a proportion of Adult Social Care Precept although the Government are yet to publish guidelines on council tax referendum limits. Growth in the council tax base of 2.5% in 2022-23 and then 1.5% each year thereafter is included.

5.5. New Homes Bonus funding will continue to be allocated until the Fair Funding review is implemented on a single year basis. Legacy payments from previous years will continue to unwind.

5.6. Growth in budgets has been included where this has previously been agreed by Cabinet. This has also been updated to take into account forecast budget pressures in Care and Support as a result of expected continued increases in demand in Children's and Disability services totalling £33.5m across the MTFS period.

5.7. An inflation budget of £3m has been included in each year, £2m of which will be used to offset salary inflation (though this does not compensate services in full).

Services are otherwise expected to absorb inflationary pressures within existing budgets. £1m per year has been included to allow for risks to the budget, e.g. cost pressures which can't be managed within a service, delays to savings or other unexpected items.

## 6. **Budget Risks**

- 6.1. There are a number of risks that continue to influence the MTFs including the following:
- 6.2. **Recovery from COVID19:** The impact of COVID-19 on the finances of the Council will continue to evolve throughout 2021-22. Costs and income assumptions will need to be monitored with care throughout 2021-22 to ensure that emerging risks are brought to the attention of Members in a timely way.
- 6.3. **Brexit:** The impact on Local Government upon leaving the EU may have significant impacts on funding from Government, especially as the economic, social and financial implications of Brexit and subsequent trade deals become clearer. There will be a continued assessment of the impact to the council as a result of the referendum vote to leave the EU which could include impacts on interest rates, migration, employment and business.
- 6.4. **Capacity to deliver approved savings:** If Agreed savings are not achieved this will result in overspends and budget shortfalls in future years. Regular monitoring and reporting takes place, however, non-achievement of savings will require compensating reductions and management action to find compensating cost reductions where savings are no longer possible.
- 6.5. **Government funding:** The Government intends to change current funding mechanisms to reflect an increased emphasis on need and to reset the current business rates retention system. These proposals are expected to be delayed by at least another year which carries a high degree of uncertainty into the quantum of Government funding in 2022-23 and beyond. In the light of the extreme uncertainty surrounding Government funding the MTFP has included forecast income in 2022-23 based on current assumptions.
  - **Budget and Spending Review:** A Spending Review from the Government is expected in the autumn. It is unclear whether this will be a single year or multi-year Spending Review and therefore whether local government will receive a single year or multi-year Settlement. Our current assumption is that there will be a one-year settlement whilst the Government continues to monitor the economic effect of COVID-19.
  - The **Fair Funding Review** of local government is likely to shift resources away from London. The design of new funding formula is predicated on moving to a more dynamic, realistic method of allocating funding that is able to respond to demographic changes. On this basis and considering the demographic changes within Barking and Dagenham, this approach may prove beneficial to us. We expect the new funding formula to be used to allocate funding from 2023-24 at the earliest.
  - The **Business Rates Retention** scheme is also being redesigned and is expected to be introduced from 2023-24 at the earliest. It is anticipated that the implementation of 100% business rates retention will be accompanied by

additional responsibilities and therefore an increase in the costs borne by Local Government. The details of these responsibilities are to be confirmed.

- The **New Homes Bonus** funding for 2022-23 is expected to be allocated for one year only and will not result in legacy payments in future years. It is expected that the New Homes Bonus funding will be wrapped up within the Fair Funding Review in following years. It is unclear how the Government will incentivise local authorities to deliver additional housing within the new funding regime.

- 6.6. **Achievement of Council Priorities:** The strategic framework requires appropriate oversight and governance to ensure it is delivered through effective programme management. Where performance indicators are not on target, corrective action will be required.
- 6.7. **Commercial Risks** arise from undertaking investments and from action taken by the Council's subsidiaries. These risks can be mitigated through effective due diligence on new commercial investments and continued robust appraisals of subsidiary business plans and forecast returns. The Shareholder Panel monitors the performance of the subsidiaries against their respective business plans and holds the Board of each company to account for the delivery of the strategic and financial objectives. Where planned financial returns are delayed or profitability is reduced there will be a direct cost to the Council to mitigate such losses.
- 6.8. **Demand Pressures** arise from changes within the population and economic activity within the Borough. Assumptions on future demand for services have been included in the MTFS. Exceptional demands, particularly from COVID-19, that emerge will result in spending control within departments or corporate budgets.
- 6.9. **Pension Fund** risks include changing economic conditions and investment returns less than assumptions in the Pension Fund's investment strategy increases the risk of a deterioration in the Pension Fund's funding position and as a consequence there is a risk of an increase in the employer's contribution.
- 6.10. **Legislative changes** or the imposition of new responsibilities upon the council without adequate funding remains a risk.
- 6.11. Impact of variations to forecast **interest rates**, both in terms of investment returns and also on assumptions made on borrowing costs. Interest rate risks are managed through effective treasury management and the use of fixed rate loans where appropriate.

## 7. **Review of Reserves**

- 7.1. Reserves are used to manage risks and are either usable or unusable. Unusable reserves arise from statutory accounting transactions and cannot be used to fund revenue or capital expenditure. This report only considers the Council's usable reserves. The Council's Reserves Policy is included in **Appendix C**.
- 7.2. A review of reserves has been carried out as at 31 March 2021 and balances based on the draft final accounts are summarised in **Appendix D**.



- 7.3. General fund balances are set aside to provide an emergency fund for exceptional circumstances. This fund is reviewed regularly and assessed as a minimum of £12m. Currently, the Council has some £17m in this reserve.
- 7.4. The forward forecast of reserves is maintained by the CFO using assumptions on certain investment decisions and no additional budget pressures emerging during the course of the current financial year. Due to the exceptional nature of the COVID-19 pandemic there have been a number of contributions to earmarked reserves which will be utilised during 2021-22. A further review of reserves will take place later in the year.
- 7.5. The aim of the Medium Term Financial Strategy is to set out an affordable financial plan that provides for sustainable levels of spending, not dependent upon the use of one-off reserves, whilst providing for a prudent level of reserves for contingencies.

## **8. Approach to Budget Setting for 2022-23**

- 8.1. The Medium Term Financial Strategy identifies a savings requirement of £25.1m by 2025-26. Proposals to meet this savings requirement will be presented to Cabinet in December alongside a public consultation for all proposals members are happy to proceed with as part of the Budget consultation process. The proposals, along with consultation results will be presented again to Cabinet in advance of Assembly in February.

## **9. 2021-22 Budget Monitoring Adjustments**

- 9.1. The 2021-22 budget was approved by Assembly on 3 March 2021. Since the budget was approved there have been changes to the structure of the Council's senior management team, approved by JNC Committee, resulting in some changes to budget responsibilities. The budget has been restated in the new structure which will be used as the base for revenue monitoring reports throughout the rest of the year.
- 9.2. In June the Cabinet received a report on the Council's financial outturn position and approved the recommendation to write off £1.693m of savings initiatives previously agreed using a provision that had previously been set aside for this purpose. The budgets have also been adjusted for this.
- 9.3. The Council requires an updated and fit for purpose Geographic Information System (GIS) Software Suite which meets the needs and requirements not only of the Council but also its subsidiaries. Currently, the Council uses an outdated version of the ESRI suite which is no longer supported by the supplier and has a lack of in-house support. ESRI ArcGIS has been used and maintained by the Council's Planning Team for several years. In 2018, the system and its support were moved to the Council's subsidiary Be First, as part of this move the contract was renewed under the support agreement between the Council and Be First. ArcGIS no longer fits with the Be First delivery model and they no longer have the in-house technical expertise available to support the suite of applications. It is therefore proposed that the Council upgrades the ESRI solution to a supported version and hosts it internally on Azure. As part of the upgrade, the Director of My Place and Public Realm are proposing that My Place take ownership of the product from a business value standpoint. A budget adjustment of £350k is required -

£218k for ICT and £132k for My Place. This can be funded from the contracts and prices growth provision approved as part of the MTFS.

- 9.4. Until 2018 the Council ran a Direct Payments scheme for Disabled Adaptations. The scheme was wound up in 2018-19 as it was no longer meeting current needs and expectations and the budget of £400k set aside until a better use could be identified. The Adults service and commissioners have been developing a new specification for Careline and Assistive Technology. It is proposed to use the £400k budget to close the gap between the new service cost and existing funding. Part will go to Community Solutions where the service is delivered and part retained by Commissioning to be a revenue contribution to capital costs.
- 9.5. The new senior management structure alluded to above has a net additional cost of £239k. It is proposed to fund this from Central Expenses.

### **Addition to Capital Programme and Drawdown from Reserves**

- 9.6. There is a need to upgrade the CCTV control room and on street cameras to ensure they are both compliant with data protection and surveillance regulations as well as providing improvements to the quality and flexibility of the system. Firstly, as part of the dispersed working building works on the lower ground floor the CCTV control room will be moving to a different location. It is now understood that the budget for the works to transfer the control room will not be covered as part of the transformation programme and that responsibility will fall to the service. Additional funding is therefore required to pay for a specialist contractor to undertake the transfer. Secondly, parking access a number of community safety cameras in addition to using their own network. These cameras provide important additional coverage and enable the parking team to enforce at these locations. Many of these cameras are in need of replacement and some areas require additional cameras where they are heavily used by both parking and community safety so it is recommended to use the reserves to pay for this work too.
- 9.7. Cabinet is asked to approve the addition of these works to the capital programme. The total cost is estimated to be up to £927k. This will be funded by drawdown from the Parking reserve.
- 9.8. Any surplus made from parking income is governed by Section 55 of the Road Traffic Regulation Act, 1984 and specifies that (amongst other things) the surplus may be used for the purposes of environmental improvement in the local authority's area and anything which facilitates the implementation of the Mayor of London's Transport Strategy. The Mayor of London's Transport Strategy states that:
- People should feel safe and secure moving around London at any time of the day or night. Better street lighting, well designed and well-maintained public spaces and transport infrastructure, and CCTV coverage will help to achieve this. If streets and public transport do not feel safe to use, then people are more likely to take other options, including taking more car trips.
- 9.9. Accessing the parking reserve for this purpose is a legitimate use of the funds. Approval will enable all improvement works to be completed without any ongoing financial impact on the community safety service, e.g. repayment of an invest-to-save scheme. The improvement works will also enable parking to enforce effectively, meaning that additional income is likely. Some further detailed scoping

work is required as well as a tender process before the final budget for the works is known but an agreement to spend up to the current amount of reserves held would be helpful to enable us to proceed with the programme. Cabinet are asked to approve this drawdown.

## IAS

- 9.10. The Council has an ambitious growth and development strategy that is now fully underway with large amounts of activity planned over the next two financial years. This is an exciting but high risk time and so it is proposed to make a small amount of investment in some resource over the next couple of years in order to ensure its success. This will secure the delivery on the IAS returns into the future by allowing the handover of the current units from Be First to the council in good time, support the step change in Reside capability we know is required and allow for effective cross-system accountability on delivery of the programme to happen. In addition, there is a need to provide some resource to support the delivery of our 'regeneration strategies' in the areas where the council owns assets – with a view to supporting the long term growth of those assets value to the Council.

|  | 2021-22         | 2022-23         |
|--|-----------------|-----------------|
| New build asset manager role (My Place)  | £75,000         | £75,000         |
| Short term housing management transformation in relation to new build properties (My Place)    | £50,000         | £0              |
| Contribution to costs of handover programme management and monitoring in the council (IG team) | £50,000         | £50,000         |
| Budget to fund work to develop industrial intensification strategy                             | £200,000        | £0              |
|  | £375,000        | 125,000         |
| Forward funding development of estate renewal strategies and programmes                        | £250,000        |                 |
| Forward funding engagement activity required to conduct estate regeneration ballots            | £300,000        |                 |
| <b>TOTAL:</b>  | <b>£925,000</b> | <b>£125,000</b> |

- 9.11. This can be funded by drawing down from the IAS reserve and Cabinet are asked to approve this.

## 10. Financial Implications

Implications completed by: Philip Gregory, Finance Director (S151 Officer).

- 10.1. The detailed financial implications have been covered throughout the report. Members are asked to note the revised MTFs position as set out in section 4 of this report.

## 11. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 11.1 A local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. The current budget setting takes place in the context of significant and widely known challenges to the funding of local authorities. As the time of the composition of this report the United Kingdom is under the unique pressures on resources cause by the Covid 19 pandemic. This has inevitably brought with it unplanned for expenses, additional costs and a negative impact on income streams and uncertainty with investments. This in turn means that the MTFs is being called to address a period of negative economic uncertainty calling for the MTFs to maintain flexibility to provide resilience. As a result it will be anticipated that priorities may be forced by events to change and consequently resource allocations be revised. Where there are reductions or changes in service provision as a result of changes in the financial position the local authority is free to vary its policy and consequent service provision but at the same time must have regard to public law considerations in making any decision lawfully as any decision eventually taken is also subject to judicial review. Members would also wish in any event to ensure adherence as part of good governance. Specific legal advice may be required on the detailed implementation of any agreed savings options. Relevant legal considerations are identified below.
- 11.2 Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so for example, if savings proposals will affect staffing then it will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet. If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. The Council must have regard to:
- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;
  - any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
  - any rights which statute may have conferred on individuals and as a result of which the Council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);
  - the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
  - to any responses from stakeholders to consultation undertaken.
- 11.3 The report refers to Section 55 Road Traffic Regulation Act 1984 and what any surplus may be used for. The courts have held that it is subject to the requirement

that the service is not deliberately run to generate a surplus that would be ultra vires.

## **12 Corporate Policy and Equality Impact**

- 12.1 The Equality Act 2010 requires a public authority, in the exercise of its functions, to have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant protected characteristic. As well as complying with legislation, assessing the equality implications can help to design services that are customer focussed, in turn leading to improved service delivery and customer satisfaction.
- 12.2 The Council's Equality and Diversity strategy commits the Council to ensuring fair and open service delivery, making best use of data and insight and reflecting the needs of the service users. Equality Impact Assessments allow for a structured, evidence based and consistent approach to considering the equality implications of proposals and should be considered at the early stages of planning.
- 12.3 There are no new savings proposals that put forward and EIAs have also been carried out for all existing saving to ensure the Council properly considers any impact of the proposal. The Council's transformation programme aims to redesign services to make them more person-centred and focussing on improving outcomes for residents. Therefore, in most cases the proposals have either a positive or neutral impact. However, where a negative impact has been identified, the Council will ensure appropriate mitigations are considered and relevant affected groups are consulted.

**Public Background Papers Used in the Preparation of the Report: None**

### **List of appendices:**

- Appendix A – Medium Term Financial Strategy 2021-22 to 2025-26
- Appendix B – Budget Growth and Savings
- Appendix C – Reserves Policy 2021-22 to 2025-26
- Appendix D – Reserve Balances as at 31 March 2021