

ASSEMBLY

24 February 2015

Title: Budget Framework 2015/16	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Director: Jonathan Bunt, Chief Finance Officer	
Summary: This report sets out the: <ul style="list-style-type: none">• Medium Term Financial Strategy (MTFS) for 2015/16 to 2018/19;• Proposed General Fund budget for 2015/16;• Proposed level of Council Tax for 2015/16;• Financial outlook for 2016/17 onwards;• Draft capital investment programme 2014/15 to 2016/17. <p>The General Fund net budget for 2014/15 is £165.320m and the proposed net budget for 2015/16 is £151.444m. The budget for 2015/16 incorporates changes in government grants, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by the Cabinet in October and December 2014 and other financial adjustments.</p> <p>Council Tax for 2015/16 is proposed to increase by £20.27 (1.99%) to £1,036.67 from its current level of £1,016.40 for a Band D property. This would be the first increase in seven years.</p> <p>The proposed draft capital programme is £398m for 2014/15 to 2016/17, including £236m for proposed HRA schemes. Details of the schemes included in the draft capital programme are at Appendix E.</p> <p>The Greater London Authority has reduced its Council Tax by 1.3% for a Band D property, reducing the charge from £299.00 in 2014/15 to £295.00 in 2015/16.</p> <p>The Cabinet is to consider this report at its meeting on 16 February 2015. Any issues arising from the Cabinet's consideration will be reported at the meeting.</p>	

Recommendation(s)

The Assembly is recommended to:

- (i) Approve a base revenue budget for 2015/16 of £151.444m, as detailed in Appendix A to the report;
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2015/16 to 2018/19 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report;
- (iii) Delegate authority to the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to finalise any contribution required from reserves in respect of the 2015/16 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2015;
- (iv) Approve the Statutory Budget Determination for 2015/16 as set out at Appendix C, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, plus the Council Tax agreed by the Greater London Assembly (1.3% reduction), as detailed in Appendix D to the report;
- (v) Approve the Council's draft Capital Programme for 2014/15 to 2016/17 as detailed in Appendix E to the report; and
- (vi) Agree that the full economic cost be levied as a charge on fees paid by credit cards for Council Tax, as detailed in paragraph 7 of the report.

Reason(s)

The setting of a robust and balanced budget for 2015/16 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.

1.0 Introduction and Background

- 1.1 The purpose of this report is to seek agreement to the revenue budget for 2015/16 of £151.444m (£165.320m in 2014/15).
- 1.2 The report also sets out the Medium Term Financial Strategy (MTFS) for 2015/16 to 2018/19 and the Council Tax level for 2015/16.
- 1.3 As part of the budget setting process consideration has been given to the priorities set out in the existing Corporate Delivery Plan and how best these can be achieved with the resources available.

The vision is 'One borough; one community; London's growth opportunity'.

The three corporate priorities that support the vision are:

1. Encourage Civic Pride;
2. Enabling social responsibility;
3. Growing the borough.

2.0 Medium Term Financial Strategy (MTFS)

- 2.1 In February 2014, Assembly approved the budget for 2014/15 which included a £1m contribution from reserves. This gap is carried forward into 2015/16.
- 2.2 Provisional funding allocations for 2015/16 were announced in the Local Government Finance Settlement by DCLG (Department for Communities and Local Government) on 18 December 2014. The final settlement was announced on Tuesday 3 February 2015 and this has been included in the MTFS.
- 2.3 Unlike other settlements no information was provided past 2015/16. This creates uncertainty regarding the funding for future years.
- 2.4 Following the final settlement an additional £74m was added to the Revenue Support Grant nationally to assist Councils in dealing with pressures on local welfare, health and social care. This provided an additional £415k for the Council of which £300k will be used for the Local Emergency Support Service and £115k will support the Community Development Area initiative.
- 2.5 The Council has an additional £3.7m more funding than estimated in February 2014. An analysis of this difference is shown in the table below.

Table 1 – Changes to funding estimated in February 2014 vs final 2015/16 Settlement

Funding Source	2015/16 Original £000	2015/16 Revised £000	Variance £000
Revenue Support Grant	(45,007)	(45,401)	(394)
Education Services Grant	(3,671)	(3,300)	371
New Homes Bonus Grant	(4,098)	(2,700)	1,398
NHB Returned Funding	-	(171)	(171)
LCTS Administration Grant	(300)	(346)	(46)
HB Administration Grant	(135)	(1,349)	(1,214)
Change in Government Funding			(56)
Council Tax Precept	(41,987)	(44,188)	(2,201)
Retained NNDR Income	(16,942)	(15,521)	1,421
NNDR Compensation Grants	(546)	(1,419)	(873)
NNDR Pooling Gains	-	(300)	(300)
Council Tax Surplus	-	(1,404)	(1,404)
Business Rates Surplus	-	(314)	(314)
Change in Local Funding			(3,671)
Total Change in Funding			(3,727)

- 2.6 The increase is mainly due to higher Council Tax receipts of £3.6m, including the £1.4m surplus accumulated from previous years. There are two main causes for this, which are the reduction in demand for Council Tax Support and a higher than anticipated number of properties entering the valuation list.
- 2.7 In addition to funding, other changes have occurred since February 2014 that have impacted on the MTFS. These changes are detailed in the following paragraphs and summarised in table 2.
- 2.8 Local Emergency Support and Community Development – Additional funding was made available by government to support local welfare, health and social care. This funding has been allocated to the Local Emergency Support Service (£300k) and the Community Development Area initiative (£115K).
- 2.9 Income pressures in Revenues – Due to higher collection rates for Council Tax and NNDR, the income received by the Council in relation to court costs has fallen creating a pressure of £150k. Additionally, following the end of a business rates shared service arrangement with Havering a £138k shortfall has arisen. This separation has enabled the creation of a new team with greater capacity for the collection of debts within the Borough and the collection rate has improved in 2014/15 which will partially offset the pressure.
- 2.10 East London Waste Authority (ELWA) Levy – Latest projections from ELWA show a higher levy than previously estimated due to increased insurance costs following a fire at a waste facility and increases in the costs of disposal.
- 2.11 Increase in London Living Wage – This reflects the increased salary costs as a result of the rise in the London Living Wage and the wage the Council has elected to pay.
- 2.12 Additional cost of full time Chief Executive – Previously the costs of the Chief Executive were shared with Thurrock Council.
- 2.13 Investment in the capital strategy – By minimising borrowing and utilising other sources of funding for the capital programme the level of revenue investment required has been reduced in 2016/17. There remains provision for a small level of borrowing in 2015/16 and 2016/17 and recommendations on how this will be allocated will be made in a future report to Cabinet.
- 2.14 Elevate contractual savings – More precise savings figures have become available closer to the start of 2015/16.
- 2.15 Income from investment properties previously in the HRA – Properties that no longer meet the criteria to be included in the HRA will be appropriated by the General Fund and are expected to generate a surplus.
- 2.16 Contingency – Due to the current level of the General Fund reserve, contingency has been removed from the budget as reserves can be used to mitigate budget risk instead.

- 2.17 Implication of the Care Act 2014 – Following Government announcements that funding will be made available for the Act and further financial modelling work the pressure in the MTFs has been reduced. However this still remains a significant budget risk.
- 2.18 Delaying of interest costs to 2017/18 – The Council can use its projected cash position to postpone the need to borrow in the short term. This position will need to be reconsidered in 2017/18 as the long term need to borrow remains.
- 2.19 Funding changes – The impact of the provisional finance settlement is detailed in table 1. No details of the 2016/17 settlement were released but funding assumptions are detailed in table 3.
- 2.20 Increase in employer’s National Insurance contributions – As these costs will be shared by the HRA and schools the General Fund cost has been reduced.
- 2.21 The complete MTFs is available at appendix B.

Table 2 – MTFs Changes since February 2014

Medium Term Financial Strategy Pressures and Adjustments	2015/16 £000	2016/17 £000
MTFS Budget Gap – Feb 2014	32,289	22,165
Local Emergency Support and Community Development	415	-
Income pressures in Revenues	288	-
East London Waste Authority Levy	246	-
Increase in London Living Wage	110	-
Additional cost of full time Chief Executive	100	-
Investment in the capital strategy	27	(750)
Elevate contractual savings	16	-
Income from investment properties previously in the HRA	(310)	-
Contingency	(2,000)	(2,000)
Implication of the Care Act 2014	(2,500)	(1,500)
Delaying of interest costs until 2017/18	(3,000)	-
Funding changes	(3,727)	(1,343)
Increase in employer’s National Insurance contributions	-	(1,000)
MTFS Budget Gap – Feb 2015	21,954	15,572

- 2.22 A significant proportion of the budget gap is due to reductions in government funding. Table 3 shows that government funding has reduced by 18% (£19.6m) in 2015/16 then by a further estimated 9% (£8.8m) in 2016/17.

Table 3 - Sources of funding 2014/15 to 2016/17

Funding Source	2014/15 £000	2015/16 £000	2016/17 £000
Revenue Support Grant	(62,855)	(45,401)	(36,701)
Top Up Grant	(34,346)	(35,003)	(35,003)
Education Services Grant	(4,871)	(3,300)	(3,000)
New Homes Bonus Grant	(3,234)	(2,700)	(3,221)
HB Administration Grant	(1,460)	(1,349)	(1,246)
Specific Grants	(689)	-	-
LCTS Administration Grant	(375)	(346)	(319)
Lead Local Flood Authorities	(41)	(28)	(28)
NHB Returned Funding	-	(171)	-
Government Funding	(107,871)	(88,298)	(79,518)
Council Tax Precept	(41,187)	(44,188)	(45,628)
Retained NNDR Income	(16,472)	(15,521)	(15,521)
Council Tax Surplus	(1,067)	(1,404)	-
NNDR Compensation Grants	(546)	(1,419)	(1,419)
NNDR Pooling Gains	-	(300)	(700)
Business Rates Surplus/(Deficit)	1,823	(314)	-
Local Funding	(57,449)	(63,146)	(63,268)
Total Funding	(165,320)	(151,444)	(142,786)

2.23 No further information has been announced beyond 2015/16 in regards to individual Local Authority funding allocations. This gives a high degree of uncertainty around future funding levels and a 19% reduction in Revenue Support Grant has been assumed for 2016/17 based on previous trends.

3.0 General Fund Revenue Budget 2015/16

- 3.1 The proposed budget for 2015/16 has been set starting with the original 2014/15 budget approved by Assembly in February 2014. This was then adjusted for items detailed in the approved MTFs and other adjustments made in accordance with financial regulations during 2014/15.
- 3.2 The Chief Finance Officer has advised that in order to ensure the Council's financial base is not eroded that Council Tax levels should increase. A 1.99% increase in Council Tax is proposed which will increase the current band D charge of £1,016.40 by £20.27 to £1,036.67.
- 3.3 Proposed Directorate budgets are provided in Appendix A and the Statutory Budget Determination for 2015/16 is set out in Appendix C of this report.
- 3.4 In order to address the funding reductions as well as other service pressures outlined in the MTFs, Cabinet in October and December 2014 approved total savings of £23.519m in respect of 2015/16 and £12.855m for 2016/17. Details of the individual savings are provided as appendices to those reports.

- 3.5 The proposed net budget requirement for 2015/16 is £151.444m and the details of how this is funded are set out in Table 3 of this report.

Table 4 – Budget position 2015/16 and 2016/17

	2015/16 £000	2016/17 £000
Budget Gap (Table 2)	21,954	15,572
Savings (Paragraph 3.4)	(23,519)	(12,855)
Savings relating to CTAX included in funding	1,000	-
Budget Gap / (Surplus)	(565)	2,717
2015/16 Surplus bought forward	-	(565)
Cumulative Budget Gap / (Surplus)	(565)	2,152

- 3.6 Details of the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2015/16 have yet to be confirmed. The budget includes an increased provision for the cost of levies of £946k for 2015/16 which, based on current information provided by the levying authorities, is expected to be sufficient.
- 3.7 If there are no other significant changes in funding or levies, the Council would have a surplus of £565k in 2015/16 but it is not intended for this to lead to an increase in reserves. Instead, the Council will seek to identify one off opportunities to utilise the funds through the financial year and these will be reported back to Cabinet. The spend can only be one off so that the £565k can reduce the budget gap in 2016/17 as shown in Table 4 above.

4.0 Council Tax Requirement

- 4.1 The Council proposes to increase Council Tax by 1.99% (£20.27) from £1,016.40 to £1,036.67 for a band D. This will be the first increase in seven years.
- 4.2 The Greater London Authority has agreed a 1.3% reduction in its charge for 2015/16. The Council Tax charge will be reduced from the 2014/15 amount of £299.00 to £295.00 (Band D property).
- 4.3 Councils who opt to freeze their Council Tax will receive a grant from the government. However the grant is only worth an equivalent of a 1% increase in Council Tax and is not guaranteed after 2015/16.
- 4.4 The calculation of the proposed Council Tax for 2015/16 is shown in Appendix D.
- 4.5 Under the Local Government Finance Act 1992, Council Tax must be set before 11 March of the preceding year.

5.0 Financial Outlook

- 5.1 The Chancellor's Autumn Statement made on 3 December 2014 estimated the economy was expected to grow faster than forecast last year in both 2014 and 2015. However projections for the following two years have been revised down.

Table 5 – Forecast increase in Gross Domestic Product (GDP)

	GDP 2014	GDP 2015	GDP 2016	GDP 2017
Autumn Statement 2014	3.0%	2.4%	2.2%	2.4%
Autumn Statement 2013	2.4%	2.2%	2.6%	2.7%

- 5.2 Future year's public sector expenditure was set out at a high level in the Statement that showed a significant reduction in the Resource Departmental Expenditure Limit (RDEL) which funds local authorities.

Table 6 – Change in Resource Departmental Expenditure Limit (RDEL) projected in the autumn statement

	2014/15 £bn	2015/16 £bn	2016/17 £bn	2017/18 £bn
RDEL	337.4	339.1	321.8	310.6

- 5.3 There is not a direct relationship between RDEL and local government funding due to how it is distributed between departments but the figures do demonstrate the current government's commitment to further reduce expenditure in future years.
- 5.4 As no indication of local government funding beyond 2015/16 has been announced an estimated level of reduction has been included in the MTFS. For 2016/17 a reduction of 19% in Revenue Support Grant has been included based on previous trends but this could be significantly different depending on the decisions of a new government following the elections in May 2015.

6.0 Capital Programme

- 6.1 The Council is required to review its capital spending plans each year and set a capital programme. A key consideration when setting the programme is the projected level of available capital resources and the affordability of the overall programme, including the revenue cost of financing any debt.
- 6.2 The level of existing internal resources has been reviewed during the year and where relevant capital receipts and other capital reserves are being used to reduce the borrowing requirement of the approved programme in order to reduce debt charges on the Council's revenue budget. Officers will continue to review the level of borrowing and to identify further reductions that can be made. The Chief Finance Officer will review the funding of every scheme at the end of the financial year to identify opportunities to reduce the level of borrowing required by the Council and ensure that the capital programme is financed in the optimum way.
- 6.3 New schemes that have external funding (e.g. government grants) are added to the capital programme during the year and are appraised internally as and when the development arises. Further borrowing will only be possible for new schemes where the expenditure is essential or where the completed project generates an income stream that will enable the financing of the incurred debt.

Current capital programme

- 6.4 The Council's current approved capital budget for 2014/15 as at the end of December 2014 is £143.1m; and Directorates are currently forecasting to underspend against this by £8.5m. In addition to this there is spending in relation to finance lease and PFI additions and the Abbey Road and Gascoigne new housing developments, which involve the creation of a Special Purpose Vehicle (SPV) and borrowing from the European Investment Bank (EIB). These elements have been presented separately from the main capital programme, but are included within the overall financing requirements within the table below.
- 6.5 The budgets for the following three years are draft and will still be subject to change as a result of budget roll-forwards from this year, accelerated spend from next year, potential new funding, and further re-profiling. A summary of these budgets is shown in the table below.

Table 7 – Capital programme 2013/14 to 2017/18

Capital Expenditure	2013/14 Actual £'000	2014/15 Approved £'000	2015/16 Proposed £'000	2016/17 Proposed £'000	2017/18 Proposed £'000
General Fund Capital Programme	48,271	52,714	78,292	30,740	1,000
HRA Capital Programme	71,087	90,439	81,041	64,933	57,003
Sub-Total	119,358	143,153	159,333	95,673	67,003
Finance Lease & PFI Additions	3,455	25	54	69	88
EIB Projects: Abbey Road / Gascoigne	-	34,200	21,100	20,000	12,000
Total	122,813	177,378	180,487	115,742	79,091
Financed by:					
Capital Grant	50,604	51,772	90,444	26,540	0
Section 106	889	1,074	0	0	0
Revenue Contributions	9,249	4,703	400	0	0
Capital Receipts	15,960	26,352	21,195	19,530	14,830
MRR & HRA funding	42,656	55,209	43,161	35,853	42,173
Sub-Total	119,358	139,110	155,200	81,923	57,003
Net financing need*	3,455	38,268	25,287	33,819	13,088

* **Borrowing requirement**

- 6.6 Inclusive of the finance lease / PFI additions and the EIB projects, the 2014/15 capital programme will be funded by £51.7m worth of capital grants and contributions, £1.0m of Section 106 funding, £4.7 of revenue contributions, £26.3m of capital receipts, £55.2m of HRA resources (including the Major Repairs Allowance - MRA), with the remaining £38.2m funding requirement met from borrowing.
- 6.7 The full list of approved schemes is included at Appendix E. Future capital scheme proposals will be considered as and when new funding streams are identified, or where there are major Council developments which will require capital investment to meet strategic objectives. Essential remedial works for health and safety or statutory reasons will be met, however it is planned that further borrowing will be kept to an absolute minimum.
- 6.8 A small provision has been made for borrowing in 2015/16 and 2016/17 and the allocation of this will be considered at a future meeting of Cabinet. In addition the Council is also considering the sale of various sites and properties (as presented to Cabinet in January 2015) in order to generate capital receipts that can be used to fund future capital schemes. Therefore Directorates will be invited to bid for available funding (and subject to Cabinet approval) as these future receipts are generated. This additional provision is not currently included in table 7, which represents agreed capital schemes to date. Once proposals have been put forward they will be presented for approval to Cabinet and added to the capital programme accordingly.
- 6.9 To meet the statutory demand for school places, the Council will continue to lobby for additional funds from central Government, as it has achieved some success at this in the past.
- 6.10 Officers are also currently working on proposals for the redevelopment of the Council's corporate buildings, in line with the proposals agreed by Cabinet under Minute 78 (16 December 2014) relating to the Rationalisation of Corporate Office Portfolio. The Council is looking to spend approximately £11m over the next three years on this. The project will also generate capital receipts from the sale of surplus council properties, which will bring the net cost and overall borrowing requirement of the project down to £4m.
- 6.11 A draft capital programme is presented for approval as amendments will be required before 1 April 2015 when further information becomes available.

Capital appraisal and monitoring arrangements

- 6.12 The Council has in place a capital appraisal process for new capital schemes. The appraisal process includes an analysis of the strategic fit of the scheme, options appraisal and key risks, financial implications, a detailed risk register, health and safety issues, and deliverability and key milestone issues. Only once a scheme successfully meets all these criteria can works commence.
- 6.13 The Council also has a capital monitoring system, which is primarily designed to ensure that projects are delivered within the timescales and within the budget approved by Cabinet. The capital programme is supported by the Capital Delivery Team and is monitored by Project Managers in consultation with the Finance Service.

- 6.14 An upgrade to the financial system ('Oracle R12') was implemented in July 2014, enabling improvements in the way officers are able to manage and report on capital projects. Project Managers are now able to view the live financial performance of their schemes on their personalised 'dashboards'. Financial forecasts are also now uploaded directly into Oracle each month, such that all officers managing a capital scheme are able to see the most current year-end forecast. These changes have made managing and reporting on capital schemes a more timely and efficient process.
- 6.15 **Table 8:** Impact on the Councils revenue budget of the proposed borrowing for the capital programme.

	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Minimum Revenue Provision (MRP)	10,290	9,230	9,643	8,553	8,475
Interest Payable	2,205	1,700	1,700	1,750	1,800
Interest Receivable	(1,471)	(1,688)	(1,580)	(1,955)	(2,247)
Total	11,024	9,242	9,763	8,348	8,028

- 6.15 There will also be additional financing costs associated with the EIB loan for the Abbey Road and Gascoigne Housing developments. However this will be self financed through the rent model with the SPV – and therefore will not be a pressure on the Councils MRP budget.

7.0 Credit Card Charges on Council Tax Bill

- 7.1 At the Cabinet meeting of 7 October 2014, Members agreed to the passing of transaction cost for credit cards on to users, with a savings estimate of £40,000 calculated on a 1% credit charge cost to the Council. Cabinet agreed that the Council would add a recovery of costs charge to payments made via credit card so as to allow the Council to recover the costs it currently incurs for each credit card transaction. It is expected that some of the savings will not be made through charging for credit card transactions but from reducing the cost to the Council by payments methods moving from credit cards to debit cards or other methods of payment.
- 7.2 Officers are currently working on the implementation of this charge but have been advised by Legal Services that to add a credit card charge on Council Tax requires the Assembly's approval as Council Tax is a statutory legal liability charge not a fee. Credit card charges on Council Tax form a significant portion of the total credit card charges incurred by the Council. To meet the savings estimate agreed by Cabinet the charge would need to be levied on Council Tax payments by credit card from 1 April 2015.
- 7.3 It is proposed, therefore, that to be consistent the cost also be levied as a charge on fees paid by credit cards for Council Tax.

8.0 Consultation

- 8.1 A consultation on the 2015/16 and 2016/17 savings was carried out in the autumn of 2014. Details of the consultation are included in paragraph 5 of the Budget Strategy 2015/16 report that was presented to Cabinet on 16 December 2014.
- 8.2 The proposals within this report were also considered by the Cabinet at its meeting on 16 February 2015.

9.0 Financial Implication

- 9.1 Financial Implications have been covered throughout the report.

10.0 Legal Implications

Implications completed by Paul Feild, Corporate Governance Lawyer

- 10.1 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 reductions in public funding to local authorities. 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 agreed savings options. Relevant legal considerations are identified below:
- 10.2 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.
- 10.3 If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. In particular 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.

- 10.4 In relation to the impact on different groups, it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions 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'. This means an assessment needs to be carried out of the impact and a decision taken in the light of such information.
- 10.5 As mentioned in the main body of this report, to implement the Cabinet decision to recover the transaction cost of payments by credit card the Assembly will need to resolve that for the purposes of payment of Council Tax, as it is a statutory requirement, it be paid rather than a charge for services.

11.0 Equalities Impact Assessment

11.1 In order to set a balanced budget, the Council has been required to agree a large number of savings options for 2015/16. For each saving option put forward the Council requires that an assessment is carried out of the likely particular impacts of the proposal on residents and staff from the eight protected equality categories. Equality Impact Assessments (EIAs) for all savings options were presented to Cabinet for consideration along with the savings proposals in October and December 2014.

11.2 Carrying out impact assessments helps to:

- Ensure our services are accessible to all and meet the needs of our customers
- Ensure that we deliver our policies and strategies in a practical way
- Ensure that reasonable account is taken of the impacts of decisions, changes and new strategies and policies on service users and staff from the equalities categories laid out in the Equalities Act 2010. The need for effective equalities analysis has been highlighted by recent judicial reviews of decisions made by other local authorities on the grounds of alleged inadequate analysis of proposed savings.

The protected characteristics are:

- Men, women and transgender people
- People from black and minority ethnic groups
- Disabled people
- Old and young people
- Lesbian, gay and bisexual people
- People with different religions and beliefs and those of no belief
- Pregnant women and new mothers
- People who are socio-economically disadvantaged

- 11.3 Each saving proposal was assessed to establish whether there would be particular positive or negative impact on residents from each of the equalities categories, over and above the impact that there would be on all residents, and what mitigations had been made in developing the proposal, or would be put in place if adopted, to reduce any negative impacts identified.
- 11.4 All the Equality Impact Assessments (EIAs) were collated centrally and each service completed a cumulative impact assessment that has informed an overarching

analysis of the potential impact of all the savings proposals on the community. In summary, the negative impacts are:

	Negative Impact
Staff	39
Disability	23
Age (young people)	22 (+ * 4)
Other, including socio-economic	21
Age (older people)	18
Race	15
Gender	12
Pregnant and nursing mothers	10
Religion and Belief	9
Sexual Orientation	8
* Care leavers (young people)	* 4
TOTAL	181

11.5 Along with staff, the overall impact of the proposed savings may have a disproportionately negative impact on younger and older people as well as residents with disabilities. These are the equality groups who would experience cuts to services explicitly provided for them. The other equality categories would in a number of cases be affected, because they use a specific service more than the wider community. To some extent this is to be predicted as many Council services focus on serving the most vulnerable residents, and a large part of some areas of the Council's work, and largest proportion of the budget, does focus on younger and older people, so when the Council has to make significant savings, it is likely that services for those groups will be particularly affected. Due to the scale of the saving required this is unavoidable, however, of the proposals where there is a negative impact, 29 have identified actions that would mitigate this, Work is continuing within services to identify other ways of reducing any negative impacts.

12.0 Other Implications

12.1 **Staffing Implications** – Through the budget planning process for 2015/16 and beyond there has been extensive consultation with staff. The Council has tried where possible to respond positively to the ideas staff have made. Many of the savings proposals agreed however do have significant impacts on staff. Consultation has taken place with those staff affected by specific proposals. The Council has sought to avoid compulsory redundancies and an extensive programme of support is available to staff who may be at risk of redundancy.

12.2 **Customer Impact** – The saving options have been subject to an assessment of equalities and diversity implications and consideration given to the cumulative extent of adverse impact on customers. Extensive consultation has also taken place. Front line services have been protected as far as possible, but some cuts to front line services have been unavoidable.

12.3 **Risk Management** - This report concerns financial risks carried by the Council. The report sets out how the Council will manage and minimise these financial risks.

Each savings option agreed will have its own implementation risk and these will need to be monitored by the relevant Departments and budget managers. As has previously occurred, the delivery of savings will be included in the budget monitoring reports to Cabinet and the expectation is that, where a saving cannot be achieved, an offsetting reduction elsewhere is found within, in order, either that service area, that department or the wider Council.

Background Papers Used in the Preparation of the Report: None

List of appendices

Appendix A – Revenue Budget 2015/16

Appendix B – MTFS 2015/16 to 2017/18

Appendix C – The Statutory Budget Determination

Appendix D – Calculation of the Council Tax Requirement

Appendix E – Draft Capital Programme 2014/15 – 2016/17