Havering
LONDON BOROUGH

CABINET
21 JANUARY 2015

Subject Heading:	**The Council's Financial Strategy**
Cabinet Member:	**Cllr Roger Ramsey**
CMT Lead:	**Andrew Blake-Herbert** Group Director Communities and Resources
Report Author and contact details:	Mike Board Corporate Finance & Strategy Manager 01708 432217 mike.board@Onesource.co.uk
Policy context:	The Council is required to approve an annual budget and this report provides information to enable Cabinet to make recommendations to Council in February 2015
Financial summary:	There are no specific financial issues, this report deals with the overall budget position and associated issues
Is this a Key Decision?	No
Is this a Strategic Decision?	No
When should this matter be reviewed?	December 2015
Reviewing OSC:	Scrutiny Board

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	[X]
Championing education and learning for all	[X]
Providing economic, social and cultural activity in thriving towns and villages	[X]
Valuing and enhancing the lives of our residents	[X]
Delivering high customer satisfaction and a stable council tax	[X]

SUMMARY

Cabinet received reports in May and September 2014 that provided an update on developments at the national level and the consequential impact on local government funding and set out information on the financial position within Havering.

The September report set out the Council's long term financial strategy to manage the implications of funding reductions and cost pressures over the next four years.
It contained specific proposals to bridge the funding gap for the next two years, with further proposals that would move the Authority towards a balanced four-year budget.

This report updates Members on the Local Government financial settlement and the progress of the corporate budget and the proposed financial strategy for the coming financial year, the latest in year financial monitor, feedback on the public consultation to the proposals affecting services which were included in the September report and the proposed capital programme.

The provisional Local Government Financial Settlement has now been announced, and relevant details are included in this report, together with a summary of the key elements of the Autumn Budget Statement.

The report also sets out the Council's capital spending position.

RECOMMENDATIONS

Cabinet is asked to:

1. Note the progress made to date with the development of the Council's budget for 2015/16 and the Council's intention to increase council tax by no more than to 2%.

2. Note the outcome of the Autumn Budget Statement and the likely impact on local authorities.

3. Note the outcome of the local government financial settlement announcement, and that arising from the settlement, there are reductions in mainstream Government funding 2015/16 of £10.02 m.

4. Delegate authority to the Cabinet Member for Adult Social Services and Health and The Leader to approve an annual spend plan for the Public Health grant.

5. Delegate to the Group Director for Children Adults and Housing to agree inflation rates with social care providers for 2015/16.

6. Note the extensive consultation responses set out in Appendix D.

7. Note the financial position of the Council in the current year.

8. Note that a report will be made to Cabinet on 4th February to consider any possible changes to the budget strategy following this cabinet meeting and requests officers to consider whether the savings proposals in respect of libraries and youth services, along with any others identified at the meeting that should be reconsidered in the light of consultation responses.

9. Agree the adjustments to the budget assumptions set out in paragraphs 2 and 3 in respect of assumptions about council tax base, un-ring-fenced grants, demographic growth, inflation and the risks in terms of new legislation.

10. Note the proposed Capital programme for the two years of the budget strategy.

11. Agree that any future underspends from the Corporate Contingency Fund, from the Transformation budget, and from any service revenue underspends, are allocated to the Strategic Reserve.

12. Note the summary of the GLA's consultation budget and the expected date for the publication of the final proposals.

REPORT DETAIL

1. INTRODUCTION

1.1. Cabinet has previously received two reports on progress with the Corporate Budget, in May and September 2014. This report sets out the position in respect of developing the Council's budget for the coming financial year, the announcement of the Autumn Budget Statement, and the subsequent announcement of the local government financial settlement.

1.2. At the September meeting Cabinet agreed an approach for managing its financial position over four years and establishing specific proposals designed to balance the Council's budget over the next two financial years.

1.3. The budget proposals set out in this report will provide for an increase of no more than 2% in Council Tax: the first increase in five years. This proposal should be seen in the context of the overall financial strategy and the pressures faced by the Council to reduce expenditure and the consequential pressure on service priorities.

1.4. Specific budget proposals were included in the September report which have been the subject of public consultation. The responses to the consultation are set out in detail in the Appendix D to this report and need to be acknowledged and considered by members when making or changing any of the proposals.

1.5. The draft settlement has resulted in the Council losing just over £10m of central Government funding which is in line with the assumptions that were included in the draft budget.

2. THE AUTUMN BUDGET STATEMENT, THE SETTLEMENT AND GENERAL FINANCIAL PROSPECTS

Autumn Budget Statement (ABS)

2.1. The Chancellor of the Exchequer presented his Autumn Statement to the House of Commons on 3rd December 2014. The ABS has had considerable national exposure since its announcement, through the national press and from various national organisations. The underlying message of deficit reduction continues however recent reports from the Office for Budget Responsibility (OBR) indicate that to meet a surplus position by 2019/20 additional cuts on top of those already announced, will have to be found.

2.2. The announcement contained no details of cuts from 2016/17 however the OBR's report which was released prior to the Autumn Statement shows that the pace of spending reductions in 2016-17 and 2017-18 would appear to be faster and steeper than previous thought. It is anticipated that another £10bn will have to be found in departmental cuts for 2016/17 and 2017/18 in order for the government to meet its surplus target by 2019/20. Appendix A shows the changes in resource Departmental Expenditure Limits post 2015/2016 as well as the potential percentage reduction to non-ring-fenced departments.

2.3. In addition, to put the austerity to date into perspective, the OBR announced that since 2010/11, only 40% of the cuts have been found to date, roughly 60% will have to come in the next parliament.

2.4. The key points of the ABS impacting on local government were as follows:

- Further reductions public sector expenditure expected in the new parliament.
- There are a range of measures to reduce the tax burden on business rate payers, including capping the business rates multiplier at 2% in 2015-16; extending Small business rates relief; and increasing retail relief.
- Government will also conduct a long term review of the structure of business rates.
- The Government is committing to give local authorities and CCGs indicative multi-year budgets as soon as possible after the next Spending Review.
- Restrictions on public sector pay will inevitably be reflected in future funding levels

Local Government Financial Settlement (LGFS)

2.5. Details of the provisional settlement were announced on 18th December 2014, which was as expected but, as Cabinet has been made aware, is very late in the context of the Council's budget-setting process, for the third year running.

2.6. There were fundamental changes to the funding system introduced in April 2013. The new system is now bedding down, although there have been further changes, with those mainly affecting the new business rates system but also impacting on the way the basic RSG is determined. It has therefore again been necessary for officers to review the details, working in conjunction with colleagues elsewhere, to assess the impact of the settlement on the current budget strategy.

2.7. In a similar manner to the previous two years, the Government's headlines focus on comparative figures concerning a local authority's "revenue spending power". Local authorities will face an average reduction in spending power of 1.8%; and that no authority would experience a decrease of more than 6.9%. Havering's comparable is an increase of 0.6%. These figures mask the actual change in mainstream revenue support grant, as they includes changes in Better Care and Adult Social Care funding which brings additional burdens to the authority.

2.8. The Local Government settlement funding for 2015/16 has been adjusted to £20.7bn, down from £23.9bn. This scale of reduction is expected to continue into the next parliament especially if the NHS and Education departments continue to be protected. These figures reflect Government announcements as part of the 2014 Autumn Budget Statements as well as the outcomes from technical consultation in the summer.

2.9. The consultation period for the LGFS runs until 15th January, a week prior to the Cabinet meeting where this report is being considered. It is anticipated that the final settlement will be announced around 2 weeks after consultation closes, in common with earlier years, though a definitive date has yet to be confirmed. This is potentially too late for inclusion in the 11th February Cabinet report. It will therefore be necessary to update Cabinet at the Special Cabinet meeting on the 4th February if there are any material changes to Havering's settlement, or simply to confirm the position as set out in the provisional settlement.

Havering's Grant Funding

2.10. The provisional funding allocation is used to determine both Havering's Revenue Support Grant (RSG) and Business Rate Baseline (BRB). Havering's provisional allocation for 2015/16 is £61.6m compared to a 2014/15 equivalent of £69.667m. A reduction of £8.1m, although this is not a like for like comparison.

2.11. The figures as stated included both RSG and BRB. The equivalent figures for RSG alone, which forms the core mainstream grant to the Council, shows a reduction from £38.9 in 2014/15 to £30.2m in 2015/16. These figures do not include changes to the treatment of the local welfare provision or the transfer of the 2014/15 Council Tax Freeze Grant. Once these are included, the actual like for like reduction increases to £10.4m.

2.12. The reduction in core RSG grant is mainly due to the reductions placed on local authorities through the Autumn Statement in 2012 and the Spending Round in 2013. The funding figures now include the rolling in of Council Tax freeze grants for 2011/12, 2013/14, & 2014/15 adjustments relating to the treatment of New Homes Bonus, and further reductions to the element of RSG relating to Early Intervention Grant and government reduction in funding from schools in relation to the Carbon Reduction Commitment.

2.13. Havering's grant funding remains one of the lowest grant-per-head allocations despite being one of the largest boroughs in London with the highest proportion of elderly population. With the basis of calculation of RSG now effectively frozen, there is little prospect of any significant change in this position at least not in the short-term.

2.14. The settlement announcement is the last one of the current parliament and there is strong evidence to suggest that further significant decreases in funding, more than previously announced, will hit local authorities from 2016/17 regardless of the make-up of the government after the elections in May. At this stage it is too early to assess the level of reductions to local authorities post 2015/16 however based on the OBR funding forecast, local authorities can expect further and higher front loaded reductions than previously estimated.

2.15. A breakdown of the settlement and grant announced can be found in appendix B.

Business Rates

2.16. The local Government Financial Settlement also released details of Havering's Funding and Business Rate baseline. The table below shows Havering's figures.

	2014/15 £m	2015/16 £m
Funding Baseline	30.8	31.4
Business Rates Baseline	21.6	22.0
Top-up	9.2	9.4

2.17. Havering's actual yield will not be available until late January however it's expected that Havering's yield will be in line with the business rate baseline. Havering's assessment of Business Rates, verses its actual share of what is collected means that Havering receives a top up of approximately £9m.

2.18. As indicated above, as part of the ABS, a package of measures was announced relating to business rates; this included a cap on the annual rise, with the limit being set at 2%, rather than applying the increase in RPI, which stood at 2.3%. As per last year an un-ringfenced grant will compensate for the cap on business rates. The Government has set the provisional small business and main non-domestic multipliers for 2015/16 as 48.0p and 49.3p (these are currently 47.1p and 48.2p respectively). Havering has no influence on the multiplier used to determine the business rate charge as this is based on September's RPI figure, or as is now the case, the cap set by Government.

2.19. There is still a large amount of uncertainty over the impact of appeals. Currently there still several hundred outstanding appeals left with the valuation office which can date back to the last revaluation in 2010. Again, Havering has no influence on the valuation appeals process.

Council Tax Base

2.20. The estimated base for next year has been set at 83,110. The calculation has been affected by the changes relating to Council Tax Support, Long term empty properties and a general rise in the number of properties within the borough.

2.21. This is higher than previously assumed, and gives an increase of 1% in the tax base compared with the assumed level of 0.5%. This should result in an additional £480k of income.

Un-ring-fenced Grants

2.22. On the 16th of December, Government announced the provisional New Homes Bonus allocation which allocates Havering £4.8m. As previously reported to Cabinet, the New Homes Bonus will be top-sliced in 2015-16 to finance the London Local Enterprise Partnership (which will be overseen by the Mayor). At this stage we are awaiting confirmation of the top-slice however it is believed to be in the region of £1.4m. This leaves Havering with approximately the same level of New Homes Bonus funding compared to last year however bids have been put forward to the London Enterprise Partnership (LEP) to reclaim some of this funding for specific projects, which have been successful, although they have to spend on the specific projects.

2.23. One area where there has been a further reduction in funding is the funding for the administration of the Housing Benefits and Council Tax Support. Havering is expected to see an overall reduction in funding of over £90k in 2015/16 on top of the £150k the council was asked to find last year. In additional new burdens funding in relation to the administration of Local Council Tax Support has also seen reductions. This funding has been reduced by 63% from 119k to 45k.

2.24. During the Government's summer consultation, alternative funding distributions in relation to adult social care were released. Havering, since the provisional allocation was released, has been lobbying over the grant allocation. The previous allocations was significantly lower than other authorities as it used the previous Relative Need Formulae (RNF) which is out of date and does not reflect the demographics / needs of the borough. The summer consultation provided authorities with updated RNF formulae which placed more weight on population instead of perceived deprivation. As a result Havering provisional grant funding has increased from £1.194m to £1.531m, an increase of 28%. This alternative distribution, although it increases Havering's allocation, results in London as a whole losing significantly.

2.25. A list of grants announced to date is attached in appendix C.

Overall Impact on Havering

2.26. The current funding system introduced with effect from April 2013 has, as Cabinet is aware, proved to be extremely complex, difficult to understand and interpret, and the fact that the announcement and the associated documentation were again released extremely late in the budget-setting process means setting a budget is becoming extremely difficult .Whilst the new system is gradually bedding down, there have already been changes in the way business rates will be determined, and a further change in the treatment of New Homes Bonus as well as changes to existing grant. All of which continue to emphasis the volatility of the system for funding local authorities, and the need for final prudence and cautious planning.

2.27. In broad terms, the settlement indicates a funding reduction of £10.02m in 2015/16, as reflected in Appendix C. This is in-line with previous expectations and broadly in-line with the budget strategy; however, it is believed that the biggest reductions in funding are still ahead regardless of the parliamentary make-up after the election in May next year.

Dedicated Schools Grant & Schools Funding

2.27. The Government's school funding reforms were introduced in 2013-14 to address inconsistencies in the formula used by the DfE (Department for Education) to allocate funding to LAs for schools and the formula used by LAs to allocate funding to schools and academies. The arrangements for the two year period 2013-2015 were intended as a step towards a national funding formula to ensure that similar pupils attract similar amounts of funding no matter where they go to school in the country. The introduction of a national formula has, however been delayed so 2015-16 is the third year of the current funding arrangements.

2.28 The funding for schools and some central provision is funded through the Dedicated Schools Grant (DSG) in four "blocks". These are Early Years, High Needs, Schools and Additions (for the training of Newly Qualified Teachers).

2.29 The DSG allocations to LAs were announced on 17th December 2014. Havering's allocation is £193.897m compared to £193.664 in 2014-15. The funding for each block compared with 2014-15 is set out below.

Year	Schools Block		Early Years Block		High Needs Block	Additions and cash floor	Total DSG
	GUF per pupil (£)	Allocation (£m)	GUF per pupil (£)	Allocation (£m)	Allocation (£m)	Allocation (£m)	Allocation (£m)
2015-16	4,726.54	165.705	3,979.94	8.978	19.161	0.052	193.897
2014-15	4,726.54	163.122	3,979.94	8.513	18.875	3.154	193.664

Notes:

1. The increase in the schools block reflects the increase in pupil numbers in Havering as the funding rate per pupil is unchanged and a transfer of grant for Elutec University Technical College (which will be recouped by the DfE)
2. The Early Years allocation per in 2015-16 includes the new pupil premium grant for 3 and 4 year olds of £195,000. The Early Years block will be recalculated based on the January 2015 and 2016 early years census and will also increase in June to reflect the additional funding for 2 year olds. In 2014-15 funding for 2 year olds was included in the Additions block.

3. The only funding remaining in the Additions block in 2015-16 is for the training of Newly Qualified Teachers.

2.30 The majority of the Schools Block is allocated through a funding formula to schools for the financial year April to March and is used to calculate the amount that is recouped by the DfE for academies which are funded direct from the EFA for their financial year September to August. The formula is based on a limited number of factors prescribed by the DfE. Any reductions in the funding to schools through this formula are protected at -1.5% per pupil against 2014-15 funding.

2.31 The amount available for allocation to schools through the formula is after deducting an amount that is centrally retained for LA responsibilities such as: a contingency for supporting pupil growth and schools with falling rolls, school admissions administration, national licensing arrangements and the servicing of the schools funding forum. After consultation with schools the total amount been agreed for central retention is £4.274m. All funding allocations follow consultation with the Schools Funding Forum and all schools will be consulted once the final figures for school budget shares have been calculated.

2.32 In addition to the funding provided to schools from the DSG, they receive additional funding through the Pupil Premium to address low attainment of pupils from low income families and areas of high deprivation. For financial year 2015-16, the Pupil Premium the rates are as follows:

Primary age pupils:	£1,320
Secondary age pupils:	£935
Looked After Children:	£1,900

and children who:

- Have been looked after for 1 day or more
- Are adopted after leaving care
- Leave care under a Special Guardianship Order or a Residence Order.

Public Health

2.33 This function transferred to local authorities with effect from 1st April 2013. Havering's allocation is £9,716,700 for 2014/15 and remains unchanged for 2015/16. The funding allocated is a specific, ring-fenced grant, and therefore these funds can only be expended for the purposes of public health services.

2.34 The terms and conditions relating to the grant were reviewed by officers as the extent to which this grant funding could be applied. The process included discussions with other authorities over the approach they are now taking with this funding.

2.35 With this in mind, a draft spending plan is being developed for the 2015/16 grant, for consultation with the Health & Wellbeing Board, with authority to approve the final plan being delegated to the Cabinet Member for Adult Social Services and Health and Value. Cabinet is therefore asked to agree this approach.

3 CONSULTATION

3.1 The public consultation on the budget proposals launched on 29th September 2014 and ran for three months, closing on 29th December. Simultaneously, the Council undertook three specific statutory consultations on proposals related to the Library service, to Parking and to the Council Tax Support Scheme.

3.2 The consultation showed broad support for the priorities identified by the Council for protection – by 52% agreeing to 25% against. When asked to choose their own priorities, the respondents selected crime reduction and public safety; rubbish and recycling collections; road and pavement repairs; cleaning the streets and social services for adults as their top five. However, there were many comments and issues raised in relation to specific proposals.

3.3 A detailed summary of the consultation activity and outcomes can be found at appendix D.

4. CURRENT FINANCIAL POSITION

4.1. As part of its standard business processes, a robust system of budget monitoring is in place to ensure the Council's financial stability. As part of this process, both variances and potential risks are identified and action plans developed to counteract any adverse variances. Reports are considered up the management chain, from cost centre managers through to Heads of Service, and then CMT, individually and collectively, as well as Cabinet Members. Monthly reports appear on the Council's intranet site. Full reviews of the financial position are undertaken quarterly, with high risk areas being reviewed monthly. Reports are on an exception basis.

4.2. The most recent full forecast for period 6, which is a full quarterly budget review, indicates that the overall revenue position is currently projecting a £2.0m overspend. The main elements of this are:

Service	Issue	Variance £000
StreetCare	A range of cost reduction controls and improved income positions in Borough Roads & Parking have improved the forecast	(267)
CRM	Forecast underspend mainly attributed to difficulty in recruiting to vacant posts.	(140)
Grounds Maintenance	The overall budget position is mainly as a result of improved performance by the GM DSO	(102)
Regulatory	Underspend reflects balance of income achievement in Building Control and Crematorium	(128)
Adults	The overspend is due to placement activity in Learning Disabilities and Adult Community Team	839

Learning & Achievement	The number of children and the complexity of cases have led to an increase in wheel chairs, escorts and possibly routes.	643
Children's	Placement costs have increased due to a need to place some high need young people in expensive residential placements.	1,476

4.3. A further update, setting out the main changes in the forecast position as at period 7 is provided below and has increased to £2.5m. This only highlights changes greater than £100k, there are further changes that contribute to the overall outturn position. A further update will be included in the February Cabinet report. Where an assessment will be undertaken of whether any of the current variances are likely to have a sustained impact beyond the current year:

Service	Change in Forecast	Variance £000
Exchequer	Mainly due to the drop in the recovery of overpayments, which is on the increase	500
SEN	Demographic Growth funding released	(602)
Prevention & Intervention	Additional staff in triage and assessment	289

4.4. As Cabinet will be aware the demographic growth built into the budget is held corporately until it is demonstrated that it is needed. This will now be released to help manage the pressures in Adults and Children's services. Members will remember that the provision for demographic growth in the budget assumptions was reduced as part of lowering the budget gap from £60m to £45m. However, the levels of demand in Children's services have required us to review the previously reduced demographic growth build into the budget forecast. It is recommended to increase the demographic growth back up to £1m in light of these pressures, an increase of £500k.

4.5. As Cabinet will be aware, the budget includes a Contingency Fund. This is to ensure the Council's budget is robust, and to provide financial stability to enable adverse in-year variances to be overcome. The level of the Fund is re-assessed annually as part of the budget-setting process. Allocations from the Fund are generally only made once other measures have been considered, and during the latter part of the year. This is in accordance with practice of previous years. Allocations made later in the year cover those items that cannot be contained within departmental spend, and are generally beyond their local control. The Fund is designed to enable the Council to resolve any in-year issues that cannot otherwise be contained within approved budgets. It is not however available to fund permanent, ongoing changes; these need to be resolved as part of the formal budget-setting process.

5. OTHER KEY MATTERS

Impact of Inflation

5.1. As Cabinet will be aware, inflation levels have remained at their lowest point in many years. The 2009 local government pay award saw a rise of around 1%, and further restraint in pay rises, given the economic climate, has continued, with no pay rise at all for 2010, 2011 and 2012. A rise of 1% has been agreed for 2013 and it has been made clear the Government expects similar restraint in future years. With that in mind a further provision for a 1% rise was made in the 2014/15 budget. However on the 14th November 2014 a 2.2% pay award was accepted. The award will not be back-dated and the deal runs until 31st March 2016. The full year effect (excluding the lump sums) has been allocated to the 2015-16 budget presenting a further £200k pressure.

5.2. Provision is being made for increases in major contracted services. The proposed increases for contracted services – which mainly relate to contracts based on an RPI index – are broadly in line with that level, but subject to the specific circumstances applicable to each individual contract. For social care, negotiations are underway with providers, within the broad parameters set for the overall budget, and these are likely to be agreed prior to the start of the financial year. To enable these negotiations to progress, it is recommended that Cabinet delegates authority to the Group Director for Children, Adults and Housing to agree inflation rates with social care providers.

5.3. A review of fees & charges has been undertaken as part of the budget setting process and any rises being proposed will be reflected in the schedule submitted to Cabinet in February. However, it is not proposed to increase fees & charges in a number of areas, where these are set by the Council. There are a number of areas where it is not felt appropriate to introduce any rise, and this will be reflected in the detailed budget.

Interest Levels

5.4. Interest rates have remained at historic lows for some considerable time. The Council's budget strategy originally assumed that there would be a recovery in interest levels during 2010/11. This has not happened, and therefore the originally planned increase was delayed until 2013/14.

5.5. There is no immediate sign of rates rising, although economic factors have continued to improve, suggesting there will inevitably at some point be a change in this position. As historic investments come to an end, the overall level of interest generated has fallen. The financial strategy assumes an increase in rates in 2016/17; although the income target may now be achieved through prudent financial management of the Council's cash flow position rather than an increase in rates.

Concessionary Fares and Taxicard Scheme

5.6. This item has been a major factor in previous years. Havering's contribution to the freedom pass scheme currently stands at £7.869 m. We are currently awaiting confirmation of the Council's contribution for 2015/16 and the final figures will be included in the Budget report. This area remains a financial risk to all London boroughs as future rises could well be at a similar level, and therefore continues to be covered in the Council's longer term planning.

5.7. The Council's contribution to the London Taxicard scheme, which is also funded through London Councils, currently stands at £172k. The 2015/16 contribution level will be reflected in the final budget report.

Pension Fund

5.8. The difficulties experienced nationally by pension funds in general, and the Local Government Pension Fund in particular, have been well publicised. A variety of changes to the local government pension scheme were implemented in April 2014.

5.9. The level of contribution rates included in the financial strategy are those which were agreed with the actuary following the last triennial review. The next review will take place in 2016 with an implementation date of April 2017.

Levying Bodies

5.10. The levies are part of the Settlement and therefore need to be taken into account when setting the Havering element of the Council Tax. There are a number of levies, but the predominant levy relates to ELWA. The current overall levy budget is around £12.4 million, of which ELWA accounts for £11.7 million. At this stage, no account has been taken of any changes in the distribution of levies arising from the changes in Council Tax base referred to earlier in this report.

ELWA

5.11. Provision has broadly been made within the council's financial strategy for increases in the ELWA levy of around £1m per annum over the budget window the Council now operates.

5.12. At this stage, whilst officers are awaiting the final budget report, which is subject to deliberations by ELWA, the forecast levy has been included as part of the overall budget build process. At the point at which ELWA approves its final budget, due account will need to be taken of this in the Council's own budget setting process.

Other Bodies

5.13. Of the remaining levying bodies, for planning purposes, a prudent approach has been taken to the level of increase that might be expected, pending notification of the planned rises.

London Councils Subscription and London Boroughs Grants Scheme (LBGS)

5.14. The core subscriptions are to be held at existing levels for 2015/16, being £143k, which includes a one off rebate for all contributing authorities, at a level of £25k for Havering. The contribution to the LBGS is marginally reduced by £1k to £258k.

Transformation Funding

5.15. Cabinet will recall that, as part of the Council's approach to delivering its transformation programme, a reserve was established to finance a wide range of activity, for example the Internal Shared Services programme. These reserve funds supplemented a base budget sum created several years ago of £1m. It was originally planned that this sum would be removed from the budget in 2013/14. However, given the inevitable continuation of the Government's austerity programme, it is highly likely that local authorities will be engaged in transformation activity for a considerably extended period, possibly for the remainder of the decade. As part of the last budget-setting process, Cabinet agreed to retain this budget.

5.16. Whilst activity has continued with most of the original transformation programmes during 2013/14, these are now effectively winding down. The main ones being the customer services programme, shared service programme with Newham, alongside the One Oracle project.

5.17. As part of the report to Cabinet in September, the financial prospects for the four year period, starting in 2015/16, were set out. Cabinet were advised that, based on officers' assessment of the impact of further funding cuts, coupled with the potential impact of demographic growth and inflation, the forecast budget gap was in the region of £45m. Delivering further savings will therefore require a considerable level of support, with the financial consequences this would give rise to.

5.18. Alongside the base budget sum, it is also likely that additional, one-off funds will be needed. This will enable the Council to finance any further projects and to ensure funds are available for any further redundancy costs, should these arise, beyond the current programme. With this in mind, it is proposed that any underspends are allocated to the Strategic Reserve. Cabinet is asked to endorse this approach.

5.19. As previously advised to Cabinet, it is intended to develop a four year budget strategy over the coming months. This will be brought to Cabinet for approval and onward recommendation to Council during the Summer of 2014. This will include an assessment of the resources – financial and otherwise – needed to deliver a new programme of savings and service transformation.

Better Care Fund

5.20. The Better Care Fund (BCF), will come into effect from 2015/16. This will underpin health and social care integration, providing opportunity to transform local services leading to better outcomes. The fund will also help manage pressures to enable longer term sustainability. The June 2013 spending round set out that £3.8 billion is to be deployed in 2015/16, to be spent locally on health and social care.

5.21. Havering's total pooled budget totals £18.9m, of which £16.9m is recurring funding, which represents Havering's minimum contribution. Of this £16.9m, £4.6m is the Local Authority revenue allocation, and £1.4m is the Local Authority capital allocation. There is also £590k Local Authority non-recurrent revenue funding and £850k contribution from base budget. CCG elements are £10.9m recurring and £590k non-recurrent. The fund includes an element of performance related funding with regard to hospital admissions, totalling £875k.

5.22. The BCF includes some funding for costs to councils resulting from care and support reform (£50m capital and £135m revenue). This money is covered off in our BCF submission, dated 19 September 2014. The local BCF plan was considered by the Health and Wellbeing Board at its meetings on 12 February 2014, 19 March 2014 and the 10 September 2014 BCF plans were submitted in accordance with the Government's time-table. Following the initial submission of the draft BCF plan on 4 April 2014, the Government confirmed nationally that it required further work and assurance from the parties before the BCF plans were approved. This led to revised plans being produced in accordance with revised technical and planning guidance over the summer for submission on 19 September 2014.

5.23. The BCF will form a pooled fund from 1 April 2015. A section 75 agreement is currently being drawn up with the partners being Havering Clinical Commissioning Group and the Council. There are seven BCF schemes that will be subject to appropriate governance to ensure the BCF plan is achieved. There is a separate Cabinet Report on this Cabinet agenda that details this arrangement in more detail.

Care Act 2014

5.24. The Care Act 2014 is a major piece of legislation that consolidates existing legislation and rewrites statute dating back to 1948. The Act will be law from April 2015, with financial reforms following from April 2016.

5.25. The Act is in three parts; Care and Support, Care Standards, Establishing non-departmental public bodies. The main financial implication for the Local Authority are:

- All local authorities will have to provide a universal information and advice service to the local population, including advice about how to access independent financial advice.
- Everyone with care and support needs who is assessed will be informed of support available to prevent or reduce care needs and support whether or not they meet the eligibility threshold.
- A cap is expected to be set at £72,000 for the maximum contribution anyone will make to adult social care. People in residential care will pay a contribution of around £12,000 yearly towards general living expenses. The upper capital threshold for means-tested support will rise to £118,000 (less for non-residential care) from 2016/17. There will be a zero cap for people who turn 18 with eligible care and support needs.
- A national minimum eligibility threshold is introduced from April 2015. Care assessments are portable, although financial assessments are still subject to local policy.
- Local authorities will be required to provide, review and update a "care account" for people who have eligible care needs but do not meet financial criteria. This "meter" will allow the individual to progress towards the care cap. It will be based on the amount that the local authority would pay for care – not the amount the self funder might choose to pay.
- The 'deferred payments' scheme, whereby the cost of care is offset by the future sale of the client's home, will be cost neutral to local authorities and

therefore interest and administrative fees will be allowed, under a national scheme from April 2015.

- Where a client receives care outside the home borough, the second borough will be required to take the original care and support plan into account and to provide a written explanation if it differs.
- Carers will for the first time be entitled to care and support in the same way as those they care for, from April 2015.
- There are one off implementation costs in 2014/15 and 2015/16, as well as on-going infrastructure costs.

5.26. The Council has been modelling the potential financial implications and risks arising as a result of the Care Act. Local implications will be largely driven by demography in the borough. There is some funding to support the Care Act, notably new burdens funding in 2015/16, and some funding within the BCF (£1.2m plus £609k due to the BCF Care Act ready reckoner). It is currently felt that funding will be insufficient to offset the new duties arising from 2016/17. Managing demand and targeting services will be vital to budget strategy moving forward. It should be noted that Care Act pressures fall outside the current MTFS. The Government have not yet announced on-going funding with regard to the financial reforms, as this fall outside the current spending review period. The funding formula in relation to the costs of the cap and the extension of the means test limits is currently being developed and will be subject to consultation.

Children & Families Bill

5.27. The intention of the legislation is to create a more family friendly SEND (Special Educational Needs and Disabilities) process which draws together the support a child requires across education, health and care (EHC). Statements of Special Educational Needs, which are mainly education documents, will be replaced by a single plan called an Education, Health and Care plan. The draft regulations and Code of Practice (COP) have now been published and have a September 2014 implementation date. The following address some of the financial implications arising from the Bill.

5.28. Local Authorities must publish a **Local Offer** to enable parents to understand what is available and how it can be accessed. By publishing core entitlements and making it clear how the services can be accessed, the uptake of services is likely to increase. It is critical that universal services are well publicised through the Local Offer in order to ensure that families utilise these services and do not migrate to tier two and three services when they are not essential. This may require training and support for services like Children's Centres but this would prove cost effective in the medium term. On the plus side having a good comprehensive and well publicised Local Offer may mean that out of borough services are not requested. A good Local Offer may mean that parents do not request personal budgets to purchase private sector services.

5.29. There must be a means by which to offer **personal budgets** to families which includes direct payments for health and education as well as social care. This is a flagship proposal by the Government and it is clear that they will be pushing for the development of a private market so that parents can purchase services which are not readily available through the Local Offer. It is not yet clear whether parents will have to be offered what the service costs to purchase or the equivalent of what is spent at the moment but given the lack of sufficient therapy provision this could prove costly for health unless sufficient service can be provided through the Local Offer.

5.30. In Pathfinder areas there have been issues with the viability of block contracts as parents have chosen to purchase services themselves. This has lead in some cases to the need for double funding for example providing a direct payment for a family to purchase a therapy service but not reducing the cost of the block contract.

5.31. On the plus side some Pathfinders have found that when parents understand the cost of the services provided for their children they can bring about better value for money. For example on discovering the cost of a therapy service, which was provided at best intermittently, parents chose to forgo the service in favour of some additional short break hours. Additionally funding a home education programme through a direct payment gives the LA more control over the service than would otherwise be possible.

5.32. The Bill requires the setting up of an **independent mediation service** for when agreement cannot be reached. The providers of this service must not be employed by the local authority. Parents must be offered the service where there is a disagreement about the content of the plan although if the disagreement is purely about the school parents can opt for tribunal.

5.33. There must be **joint commissioning arrangements** between education, health and social care in order to ensure that sufficient resources are provided to assess children and then provide for their needs. There must also be a formal mechanism for resolving complaints and difficulties between the agencies.

5.34. There is currently no joint commissioning for SEND children's services. The therapy services provided by NELFT are not sufficient for the needs of the SEND children. It is essential that the most senior officers in the LA and Health Commissioners work together to improve the level of therapy services. Entering into joint commissioning arrangements and pooling budgets whilst essential also has the potential to be costly for the LA. Whilst the Bill is fairly robust in insisting that health must provide the services required by the child to implement the EHC plan it will still ultimately be the responsibility of the LA to ensure that those services for example speech therapy required to implement a child's education programme are provided.

5.35. On the plus side once a joint commissioning system is in place it may indicate areas of service in which there is duplication or where inefficient commissioning has led to poor value for money both in the LA, health and voluntary sector.

5.36. The draft Code of Practice (COP) says that there must be a **single assessment procedure** (involving parents and children) on which health, social care and education agree so that families do not have to repeat their story and appointments are kept to a minimum. It is the LA's responsibility to provide this support through key workers or similar a similar mechanism. A single Education, Health and Care (EHC) plan document draws together the support and resources required across education, health and social care as well as leisure and voluntary sector activities as appropriate. The plan lasts from 0-25.

5.37. The Pathfinders have used multi agency meetings to draw up the plan but have found this very costly in staff time. Some Pathfinders have used staff already working with the child as key workers but have found especially for very young children that the work is very emotionally draining as well as time consuming and cannot always form part of a wider role. Finally the plan can last until a young person reaches 25 and here the issue is the raising of expectation that young people who would not previously have received a service once they reach adulthood will now have an entitlement. This does not appear to be the case as the entitlement only continues to 25 if the young person remains in education or training. There are enormous implications for the funding of higher level educational needs up to 25 when currently many young people cease education at 19 and almost all at 23.

Transfer of 0-5 Commissioning to local authorities

5.38 The transfer of 0-5 year old commissioning responsibilities will take place on 1 October 2015. This completes the public health transfer to local authorities. The scope of the transition includes the 0-5 Healthy Child Programme, specifically:
- Health Visiting services (universal and targeted services)
- Family Nurse Partnership services

5.39 Mandation

The Department of Health will mandate local authorities so that they will be obliged to provide certain universal elements of the Healthy Child Programme, those are:

- antenatal health promotion review
- new baby review, which is the first check after the birth
- 6-8 week assessment
- 1 year assessment
- to 2 and a half year review

Mandation is subject to Parliamentary approval and regulations have not yet been finalised and are expected to have a ‘sunset clause’ at 18 months.

5.40 Whilst welcoming this service to local government, the transfer with mandation represents additional risks for the council. Historically Havering has been poorly funded through the NHS for these services and there are concerns that the money to be transferred will not be sufficient. An initial proposal from the Department of Health to transfer the costs of the existing contract (with North East London Foundation Trust) was robustly challenged and this has resulted in Havering benefitting from the Department introducing a floor below which local authorities’ funding cannot fall. The initial offer to Havering to cover this service was £1.856m. After applying the floor our allocation has been raised by £0.858 to £2,714m. Whilst the increase is welcomed and should allow some development of the service offer, there are still concerns that this leaves Havering in the position, along with several other London boroughs protected by the floor, of having one of the lowest funding allocations in London to deliver this important service. It is not yet clear that we will be able to deliver the mandated services within the allocation provided.

5.41 Along with the LGA and London Councils we are continuing to lobby to ensure that the mandate does reflect that funding may not allow the mandated services to be 100% delivered in all areas. In terms of the council's overall financial strategy it is proposed that when the transfer happens, no further council funding should be put into this service other than that transferred from the NHS unless this is considered to be the right thing to do as part of Havering's overall children's services commissioning strategy. In other words Havering's budgets will not be used simply to deliver the mandate and supplement the inadequate funding received from the Department of Health. In the meantime Havering, along with other low funded councils will continue to lobby for additional resources.

Changes in Demography

5.42 Cabinet will be aware from previous reports that social care services in particular have been impacted by changes in demography. In particular, the aging population demographic is expected to lead to an increase in demand for adult social care. This issue has been reflected in the Council's budget for the past three years, and due to the fluid nature and high risk will continue to be closely monitored. This financial requirement is difficult to predict, however, with continuing changes in demand, the increased financial pressures facing local authorities, changes in funding streams referred to elsewhere, and shifts in population as well as properties, this issue now potentially has a broader impact.

5.43 Elsewhere in this report, changes in the Council's property base – as measured through the Council Tax base and the New Homes Bonus – are highlighted. This also needs to be considered in the context of increased demand for schools places.

5.44 These factors, taken together, suggest a significant change in demography within Havering. What is extremely difficult to assess is what impact this change will have on demand for services, and thus in turn, the associated resources and costs. As a guide, the potential consequences are set out in the table below:

Factor	Impact	Financial Impact
Properties	Increase in waste produced by households Increased traffic leading to more road/footway damage	Higher costs for refuse collection, street cleaning, waste disposal Higher costs for highways maintenance
School places	Increase in demand for places leading to need for more classrooms	Capital investment in additional classrooms Revenue impact falls directly on schools budgets

General population	Increase in special educational needs Increase in residents requiring learning or mental disability support Increase in demand for parks, leisure, arts, culture, etc Change in population mix, eg nature and make up of families	Increase in resource needs and thus service costs As above As above Potential capital investment, e.g. new facilities, vehicles As above

5.45 At this stage, it is not possible to determine the financial impact of potential changes. Clearly, there will be an increase in Council Tax receipts, and this is factored into the base calculation. What is much more difficult to assess is the cost impact these changes might have, as this depends on the actual nature of the shift in demand, rather than any notional model. It is however a fact that such changes now represent a significant area of risk, both financial and otherwise. It is therefore proposed to increase the budget by £500k in order to provide for the impact of these pressures. This will be included in the draft budget strategy brought forward in the next two budget reports to Cabinet.

6. EXPENDITURE RESTRICTIONS AND BUDGET ROBUSTNESS

Expenditure Restriction by Government

6.1 The Government has previously stated that it will use its capping powers where necessary. As part of the settlement announcement last year, following on from previous announcements, a referendum process was introduced. The broad level at which this would be triggered was set at 2%. This has been confirmed at 2% or above for 2015/16.

Budget Robustness/Reserves Position

6.2 The Local Government Act 2003 sets out requirements in respect of Financial Administration, and in particular to the robustness of the budget and the adequacy of reserves. The Act requires the Chief Finance Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its council tax or precept.

6.1. In line with the requirements of the Act, the formal report of the CFO on budget robustness will be included in the February Cabinet report. The authority is required to take the report into account when making the calculations.

6.2. The General Fund Balance at 31 March 2014 was £11.8m. Prior to making a final recommendation to Council, there will also be a need to further consider the current financial position for 2014/15. The revenue budget strategy statement, as agreed by Council, sets out that the minimum level of reserves held will be £10m. There is an opportunity cost of holding reserves, in particular the alternative use that these balances could be put to and the benefits that might accrue as a result. Equally, the importance of retaining sufficient reserves has been emphasised by the position within social care services during previous financial years, and particularly so now, with the Council suffering an ongoing reduction in grant funding from Government.

6.3. The Council's revenue budget strategy statement requires that:

- While addressing its priorities and setting a balanced and prudent budget, the Council will seek to keep any increase in the Council Tax to the lowest possible level and in line with its stated aspirations whilst maintaining reserves at the minimum level of £10m
- And as part of that process, the Council will not utilise those reserves, or any reserves earmarked for specified purposes, to subsidise its budget and reduce Council Tax levels as this is neither a sustainable nor a robust approach.

6.4. In addition to its general reserves, the Council also holds a number of earmarked reserves. At 31 March 2014, the total value of reserves stood at £45.1m. This sum includes:

a) £8.7m relating to previous NHS and social care integration funds not fully spent. Given the level of financial and operational risk associated with the Care Act and SEND legislation and in particular assessing all who apply and are eligible for services, these funds are being held to support this implementation of new legislation and integration with the NHS.
b) £15.9m earmarked for the corporate transformation programme, which is required to support the delivery of savings agreed by the Council.
Over the last four years, over £20 m has been spent on delivering transformation including nearly £5m on severance payments. Given the level of redundancies contained within the proposals currently under consideration, significant budget provision is likely to be required for further severance payments.
c) £8.6 m being sums earmarked towards the funding of capital schemes included within the approved capital programme.
d) £4.4 m set aside for the Insurance reserve to meet potential claims and the cost of self insurance based upon actuarial advice.

6.5. The current advice of the Group Director Communities and Resources is that the existing level of general reserves can be considered to be adequate. However, the recent and expected future reductions in grant funding, coupled with the need to resource major change programmes, emphasise the need for prudence with the management of reserves. Without a sufficient level of reserves, such investment would only be possible from base service budgets. A full assessment will be brought in the February Council Tax setting report.

6.6. The Council's external auditor has in the past emphasised the need for the Council to strengthen its financial health and to build in protection against unforeseen circumstances and to seek advice from the Chief Finance Officer on the adequacy of its working balance level. The advice of CIPFA also needs to be borne in mind, as they have emphasised that it is important to stress the risks which arise should councils decide to draw down reserves to help fund their budgets. This is due to the fact that most council services require recurring funding to meet staff and other running costs year after year. Reserves are however a one-off, finite source of funding; they can cover a shortfall in recurring funding for a specific period but, after reserves are exhausted, the underlying shortfall will still be there. Due account is taken of this advice in assessing the need for reserves and their potential utilisation.

7. FINANCIAL STRATEGY

7.1. At the meeting of 3rd September 2014 Cabinet approved its long term financial strategy for the four year period commencing from 2015/2016.

7.2 Included within the strategy were savings totalling £17.519 million over two years which have been the subject of public consultation. Feedback from the consultation, which closed on 29 December 2014 is covered in section 3 of this report, the overarching feedback suggesting that the broad strategy can remain intact and any adjustments required are unlikely to have a material impact upon 2015/16 budget setting process.

7.3 The outcome of the Local Government Financial Settlement as discussed in paragraph 2 above does not have a material impact upon the financial model on which the Council's financial strategy is based. The impact of the settlement does not therefore have a material impact on the council's financial strategy agreed at Cabinet on 3rd September 2014.

7.4 There have been a few areas where adjustments are required, Council Tax base as reference in section 2.21, inflation as referenced in section 5.1, children's services as referenced in section 4.4.

7.5 In November full Council approved the senior management changes, resulting in permanent on going savings of £125k and a subsequent saving on stationary procurement of £100k has also been identified.

7.6 There were substantial responses to several aspects of the consultation. Though the majority of respondents were in favour of the overall strategy, a considerable number of representations were received about particular areas.

7.7 Substantial responses were received on the libraries proposals, and in the light of these and the fact that libraries is an important statutory service the proposals are being reviewed to consider whether adjustments should be made. This was a statutory consultation.

7.8 Considerable response was also received about the youth service proposals. In addition to consultation responses, the demographic area showing most change is around children's services, particularly around increases in looked after children and an increased number of troubled adolescents. The Council recently received good feedback from a peer review on the way we are tackling serious youth violence - though the feedback did recognise that the Council needs to commission new services for a challenging group of young people as part of our preventative work. Crime and safety was also given the highest priority within the overall consultation responses received. Consequently the proposals around youth service reductions will be reviewed.

7.9 Parking will also be considered to review whether any changes to the strategy are required as this was also a statutory consultation.

7.10 Responses received to the specific consultation on the Council Tax Support Scheme are considered in a separate report to this meeting.

7.11 Given the changes highlighted in this report, there is currently about £500k of headroom within the overall budget strategy for cabinet to consider in light of the consultation feedback, and the specific matters raised in the paragraphs above.

8. CAPITAL PROGRAMME

Background to Current Programme

8.1 The Council's overall approach to its Capital Programme has been based on an assumption that a gradual move towards the use of prudential borrowing will be required to meet long term capital spending need. In more recent years, the duration of the planned programme has been kept relatively short, in recognition of the need to maximise the use of receipts, and to avoid additional pressure on the revenue budget.

8.2 Since that time, there has been a continued hold on interest rates, so borrowing remains relatively inexpensive. However, it remains the case that the Council's ability to generate receipts has continued to reduce. It is therefore an increasing risk that receipts will continue to tail off, which means the programme needs to be kept under constant review to respond to any material change in circumstances.

8.3 For the longer term, financing any form of capital programme will almost certainly be heavily reliant on borrowing, although external financing and Section 106 receipts, through either Section 106 or the new Community Infrastructure Levy (CIL) are expected to remain available, if unpredictable. This therefore potentially brings an additional revenue pressure.

8.4 For the immediate short term, borrowing will only be used as a last resort. The exception to this will be where a specific business case can be made to finance investment through borrowing, for example where savings or additional income can be generated. Longer term, the Council will be faced with an increasing dependence on borrowing, with the consequent revenue impact this has. Existing forms of external funding, such as TfL grants, are expected to continue, although their longer term existence is uncertain.

8.5 Given the ongoing need for austerity in the public sector, and the very real threat of future reductions in funding, it is not felt prudent to consider any expansion to the existing capital programme. The programme now proposed therefore covers a two year period commencing 2015/16. Schools capital funding continues to be based upon the governments grant allocations and reflects recent announcements.

8.6 The block allocations set out in the table below are based upon a prudent view of available capital receipts covering a two year period commencing 2015/16. A more detailed report will be brought to cabinet in February with a view to approving the new programme.

Description	2015/16	2016/17
Parks, Libraries, Leisure & Cemeteries	1000	1000
Street Environment	2000	2000
Protection of Assets and Health and Safety	500	500
IT Infrastructure	1000	1000
Regeneration	100	100
Disabled Facilities Grant (Council element only)	300	300
Total	4900	4900

9. SUMMARY OF FINANCIAL POSITION

9.1 Based on the factors that are set out in this report, the Council is in a good position to proceed with the financial strategy that it agreed on 3rd September 2014.

9.2 The financial strategy included an assumption that the Council will increase Council Tax by no more than 2% per annum in 2015/16 and 2016/17. The budget for 2015/16 is being developed with that assumption in mind.

9.3 As indicated elsewhere within this report, the Council has maintained a Contingency Fund and also has sums held in reserves and balances that could be deployed to address specific in-year issues, should the risks highlighted in this report materialise. These risks will be carefully monitored in parallel with the consultation process, but these funds would provide a cushion for the immediate future should the need arise. The final budget proposals will be drawn up in the light of responses to the consultation process, the developing position around the settlement, and the assessment of the risks facing the Council.

10. HOUSING BUDGET

10.1. The HRA budget, together with the proposed housing rent levels, and the HRA capital programme, will be presented to Cabinet in February.

12. GREATER LONDON AUTHORITY (GLA)

12.1 The announcement of the Mayor's draft budget proposals were made on 19th December. This indicated an intention to make a slight reduction in the GLA's Council Tax level, from the current £299 to £295 – a reduction of £4, or around 1.3%. Consultation on the budget proposals ends on Wednesday 14th January. The final draft budget proposals will be considered by the London Assembly on 28th January and the budget is due to be approved by 28th February.

12.2 The Mayor's draft budget consists of – Mayor's Office for Policing and Crime, Transport for London, London Fire and Emergency Planning Authority, the London Legacy Development Corporation and core Greater London Authority. The total budget (capital and revenue) is £16.7billion.

12.3 The Mayor's 2014/15 draft net revenue spend is £5,283 million. Under the proposal the total GLA precept will be cut from £299 a year to £295 (for a Band D household). The Mayor's proposed council tax precept draft budget comprises of £214.52 to support the Mayor's Office for Policing & Crime (principally the Metropolitan Police), £52.42 for the London Fire Brigade, £20 for the 2012 Olympic and Paralympic Games and £8.06 for transport and other services.

12.4 The Mayor's 2015/17 and 2017/18 budget assumptions assume the removal of the Olympic Levy (£20 for Band D equivalent) to £12 and £8 respectively.

REASONS AND OPTIONS

Reasons for the decision:

This enables the Council to develop its budget as set out in the constitution.

Other options considered:

None. The Constitution requires this as a step towards setting its budget.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Council's budget-setting process will ensure that financial implications and risks are fully met. Any financial implications or risks are covered in this report as necessary. There are significant risks associated with the delivery of the new four year financial strategy and with the continuing degree of uncertainty over the future of local Government funding, and the general economic environment, but the steps already taken by the Council should mitigate much of this. However, it will also be necessary to continually refine the financial forecasts underpinning the Council's financial strategy to ensure that any necessary actions can be taken at the appropriate times, allowing for consultation as appropriate.

Legal implications and risks:

There are no direct legal implications or risks from this report. The corporate business planning process will need to take account of new and existing statutory duties and responsibilities that are imposed on the Council by central government even if there are inadequate or no commensurate increases in government funding to finance them. Failure to do so will put the Council at risk of legal challenge by affected residents or businesses.

Human Resources implications and risks:

There are no direct HR implications arising from this report, however, if proposals that require staffing reductions are to be considered, as a result of the budget position, these will be managed in accordance with Council policy and procedure

Equalities implications and risks:

Detailed proposals will need to be assessed as part of the business and service planning process. Equalities impact assessments are produced as standard as part of the detailed budget process.

BACKGROUND PAPERS

The Financial Strategy report Cabinet 3 September 2014.

APPENDICES

A AUTUMN BUDGET STATEMENT

B LOCAL GOVERNMENT FINANCIAL SETTLEMENT

C SCHEDULE OF GRANTS

D CONSULTATION FEEDBACK