

# 2018-19 Revenue Budget - Scrutiny

## Report for Overview and Scrutiny Management Committee

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David Phillips  
23 January 2018



Agenda Item 6

# Agenda

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- Budgetary context
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- Key dates
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## Purpose of meeting

- This meeting is intended to outline the approach we have taken to the 18/19 budget. We will use OSMCs comments to inform the remaining 18/19, and the 19/20, budget processes
- There is another OSMC in February, in accordance with the usual timetable, to discuss the detail of the 18/19 budget.



## Key messages

- Compiling a balance 18/19 budget has been challenging, due to continuing constraints on Central Government funding at a time when demand for Social Care in particular is rising strongly.
- To inform our approach, we are re-affirming and/or re-shaping the Council's priorities and reviewing finance options (such as for capital).
- We are proposing a balanced budget for 2018/19. However our service pressures remain very high – this means we still need to deliver savings in the medium term.

# Budget Context – position Sept 2017

Further Savings Required in 18/19, after current mitigations as at Sept 2017

Notes

**£29.7m further savings required in 18/19**

Demand and cost pressures from previous years total £22.2m, plus forecast new 18/19 pressures of £6.4m (net of £16.1m of already identified mitigations that each carry their own risk in being deliverable). There are also corporate pressures of £1.1m.  
 $£22.2m + £6.4m + £1.1m = £29.7m$

# Consultation

- Budget conversation between December and January including activity with local people and partner organisations
- Helps ensure that proposals have been shaped by the people who may be affected by decisions taken as part of the budget. It also enables people to put forward other ideas for consideration
- Helps inform people about the budget challenge and our overall approach, provides opportunity to give feedback, and let people know the influence their feedback has had
- Two main strands this year: a survey supported by social media activity, supplemented by three Cabinet Member hosted public events in the north, south and city centre. We are also consulting on particular topics, including meetings with the VCF and Businesses. This will inform longer term thinking and Equality Impact Assessments.
- Results are discussed with Members as part of developing proposals and in advance of any decision being taken at Cabinet or Full Council
- Full results of our consultation will be made available on the website

## Consultation (preliminary results)

- The survey closes on 19/1/18 and events are taking place mid to end of January
- Preliminary survey results suggest:
  - Top 3 areas for more spend: adult social care, children's social care , education and skills
  - Most important council services to people: social care (adults/children), education/schools, waste/recycling
  - Majority support for raising council tax and agreement with proposals to social care precept
  - More even results between raising fees and charges and keeping them the same, and low level of support for cutting more services as an alternative
  - Highest scoring areas where people felt it was important for the council to invest were health and well-being (e.g. adaptations to help people live independently), and affordable housing.

## Progress since autumn 2017

	£'m
Gap at Sept 2017	£29.7m
Further savings agreed Sept 2017 to Jan 2018	(£14.4m)
Corporate savings agreed (mainly reduced capital charges)	(£10.0m)
<b>Residual gap</b>	<b>£5.3m</b>
Savings schemes agreed Jan 2018	(£5.3m)
<b>Final gap</b>	<b>£0.0m</b>
<b>Pay strategy</b>	
Additional costs caused by uplifts in national pay scales	£3.7m
To be met by a combination of additional income announced as part of the 2018/19 LG Settlement announced 19 <sup>th</sup> Dec 2017 and Portfolio savings	(£3.7m)
<b>Final gap</b>	<b>£0.0m</b>



## The overall budgetary approach

- Members and officers have worked together to examine the Council's priorities, to seek to protect priority areas whilst delivering savings and/or constraining costs in non-priority areas
- In addition we have looked to improve our ways of working (e.g. more personalised services, locality working, combining visits) to provide savings
- We have continued to look to obtain savings from our large contracts and block payments (e.g. Veolia, Transport levy)
- Finally we have again examined our central and corporate costs, to reduce them where possible

## The detailed budgetary process

- Portfolio officers have worked up potential ideas for generating savings
- These ideas are then discussed with the relevant Cabinet member, and advisers.
- If agreed they are then discussed and agreed by full Group, in budget seminars and then formal Group meetings
- Agreed schemes are then entered into the formal budget process

## Key assumptions in the Revenue Budget

The budget makes assumptions in various areas, e.g.

- **Council tax.** The actual rise will be approved by Budget Council in March 2018. Each 1% increase in CT generates c£1.9m p.a. of income.
- **Business Rates.** We have factored in increases in business rates from changes in the base and increases in the multiplier.
- **Pay strategy.** We have allowed for the impact of the pay rises provisionally agreed with TUs.
- **Non-pay inflation.** We have allowed for general increases in prices, and for changes in costs of the Council's large contracts.

## Key areas (1)

- **Social Care.** Social Care Recovery Plans have been developed to mitigate 18/19 pressures, and those pressures into the medium term. These plans are highly likely to required funding from reserves in the short term to cash-flow the investment in the transformation of services and the achievement of future savings.
- **Reserves.** Un-earmarked reserves are at the minimum assessed level of £12.6m. They are intended to fund immediate unexpected events (e.g. 2007 floods), and are required to be replenished as soon as possible.

## Key areas (2)

- **Income Generation.** We have forecast improved income in various areas, supported by our developing income strategies, namely the Growth Plan, Housing (Local) Plan & Income Maximisation Strategy.



## Key areas (3)

- **Capital.** The Capital Programme and allocation of capital funds is currently under review (to support priority led budgets). The intent is to include Capital in planning considerations for post 2019.
- Slippage in Capital spend has occurred in 17/18 (approx. £30m / 10%) – this does not release ‘cash’ but means reduced borrowing charges in year and potentially an adverse pressure on revenue budgets where revenue savings have been assumed as part of the investment.

# Equality Impact Assessments (1)

- We have a statutory Public Sector Equality Duty to pay due regard to: eliminating discrimination, harassment and victimisation, advancing equality of opportunity, and fostering good relations.
- This is with regard to people who share Protected Characteristics under the Act. The Duty means we need to understand the effect of our policies and practices have on inequality. To do this we will examine the available evidence and work with the public, staff, and service users to consider the impact of Council activity and actions on people who share protected characteristics.
- We undertake both a corporate Equality Impact Assessment (EIA) on the budget as a whole, and individual EIAs on the various proposals that are being recommended as part of the budget.
- The Council-wide EIA and the individual service EIAs on budget proposals that underpin it are focussed on the impact on the protected characteristics in the Equality Act 2010. We also assess the impact on the Voluntary and Community Sector (VCS), poverty and financial exclusion, carers, armed forces and cohesion.

## Equality Impact Assessments (2)

- EIAs are an ongoing process as the budget saving proposal develops and evolves over time e.g. an EIA may identify the need to consult with a particular section of the community and the outcome of this may mean the EIA needs to be updated and change the way the proposal is to be implemented. Through our 'live' EIA process we will be monitoring any adverse equality impacts as reductions and changes in provision occur during the next year.
- Some decisions may have a disproportionate impact on some groups in comparison to others. EIA's help us identify, and avoid or mitigate, these impacts. EIAs also help us identify and make positive changes where possible.
- Impact analysis is started when considering service changes to ensure we involve all relevant individuals and groups, such as those who use the services. This also gives us time to understand and consider any evidence we have about the potential impact of any proposal. Action plans for individual EIAs ensure that the services concerned implement changes with as little negative impact as possible.
- Cabinet Members are briefed on impact assessments related to proposals in their area of responsibility.
- A list of EIAs will be available and can be individually requested.



# Key dates January 2018 onwards

Key dates	
EMT Full Budget discussion	16 <sup>th</sup> January 2018
OSMC scrutiny of process	23 <sup>rd</sup> January 2018
Exec Full Budget	23 <sup>rd</sup> January 2018
Group Full Budget	30 <sup>th</sup> January 2018
Cabinet papers issued	5 <sup>th</sup> February 2018
OSMC scrutiny of Full Budget	14 <sup>th</sup> February 2018
Cabinet Full Budget	14 <sup>th</sup> February 2018
Budget Council papers issued	26 <sup>th</sup> February 2018
Budget Council	7 <sup>th</sup> March 2018

# Questions

- ANY QUESTIONS ??

