
Revenue Budget 2017-18

Committee considering report:	Executive on 16 February 2017 Council on 2 March 2017
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	8 February 2017
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Forward Plan Ref:	C3121

1. Purpose of the Report

- 1.1 To consider and recommend to Council the 2017-18 Revenue Budget, which proposes a Council Tax requirement of £88.4m requiring a Council Tax increase of 1.99% in 2017-18 with a 3% precept ring-fenced for adult social care. The Council Tax increase and adult social care precept will raise £4.2m, leaving a gap of £4.7m to be met from savings and income in 2017-18.
- 1.2 This report also proposes the Fees and Charges for 2017-18 as set out in Appendix H and the Special Expenses as set out in Appendix I and recommends the level of General Reserves as set out in Appendix F and Appendix G.

2. Recommendations

- 2.1 That the Executive recommends to Council:
 - (1) That Council approve the 2017-18 Council Tax requirement of £88.4 million requiring a Council Tax increase of 1.99% with a 3% precept ring-fenced for adult social care.
 - (2) That the Fees and Charges are approved as set out in Appendix H and the appropriate statutory notices be placed where required.
 - (3) That the Special Expenses are approved as set out in Appendix I.
 - (4) That the responses received to each of the public facing savings proposals in the public consultation exercise undertaken on the 2017-18 budget be acknowledged and noted, and that the Transition Grant of £1.37m be allocated as follows:
 - (a) £140k to Short Breaks
 - (b) £30k to Citizens Advice Bureau
 - (c) £200k to Libraries
 - (d) £1m to be put into a Transformation Fund, to assist West Berkshire Council to transform and improve the way it delivers its services.

3. Implications

- 3.1 **Financial:** These are contained in further detail within the report. The key implication is the proposed 1.99% Council Tax increase with a 3% precept ring-fenced for adult social care, which leads to a savings programme of £4.7m in 2017-18. The Council has a good track record of delivering past savings programmes and monitors and reports on progress on a monthly basis.
- 3.2 **Policy:** None.
- 3.3 **Personnel:** There will be significant implications for staff which are detailed in a separate report. The trade unions have been consulted and the reductions in staffing will be handled in accordance with the Organisational Change Procedure.
- 3.4 **Legal:** Requirement to produce a Revenue Budget under the various Local Government Finance Acts. The savings proposals have been out to public consultation in order to meet the Council's Public Sector Equality Duty and responses considered in setting the budget. Challenges may be made to certain proposals by means of judicial review as well as under employment legislation in respect of staffing reductions. All cases have been assessed in order to reduce risk of challenge regarding the lawfulness of proposals.
- The Public Sector Equality Duty (149 (1) requires a Local Authority in exercise of its functions to have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- The essential duty is that decision makers must keep the welfare of service users at the forefront of their mind, but also families, and especially their families who are most disadvantaged.
- 3.5 **Risk Management:** As part of the 2017-18 financial monitoring, savings proposals will be kept under monthly review to ensure they are deliverable. Appendices F and G set out how the impact

of increased volatility in Local Government finance will be managed and considers the impact on levels of reserves.

- 3.6 **Property:** The full property implications will need to be determined and a strategy developed for dealing with the impact where the Council retracts from the whole or part of a property. There could be a number of options to be investigated when the decision on the revenue budget has been agreed from; sale of the site, re-development, shared use, and/or change of use or re-letting for another purpose.
- 3.7 **Other:** In the light of the scale of the funding reductions required for 2017-18 the options available to the Council for making savings were very limited and it is acknowledged that in some cases the Council will be providing the minimum level of service for some of its Statutory Services.

4. Other options considered

- 4.1 We are proposing to increase Council Tax by 1.99% with a 3% precept ring-fenced for adult social care. If these options were not taken, the savings requirement would be £4.2m higher. We have considered all options available to us in order to keep the savings requirement to the level it is.

5. Executive Summary

- 5.1 The 2016-17 budget was built with the largest savings programme we have ever faced at £13.9m. Transitional grant funding has helped services transition to a new model of operation, but despite this, at Quarter Three of 2016-17, we are forecasting an over spend of £765k. The over spend has arisen in part due to savings programmes taking longer than anticipated to realise the savings. Other factors affecting the over spend are largely in the Communities Directorate. Adult Social Care is seeing increased complexity of client needs and upward cost pressures in commissioning services for nursing and residential care. The Education Service is facing pressures on Home to School Transport budgets and the Disabled Children's placement budget. During 2016-17, usable reserves are expected to reduce by £2.75m as a result of the forecast revenue over spend, funding exit costs arising from savings plans and facilitating the transfer of John O'Gaunt School to an Academy.
- 5.2 In October 2016, West Berkshire Council accepted a four year financial settlement offered by Government. Whilst this settlement commits the Council to a continued reduction in Government funding, it provides financial stability from 2016-17 to 2019-20 on which the Council can plan ahead and build other sources of income. The provisional settlement figures were issued in December 2016, but the final settlement has yet to be announced.
- 5.3 Councils receive a Revenue Support Grant (RSG) from Government to support the services provided. West Berkshire Council will receive RSG of £3.7m in 2017-18, which is a reduction of 61% or £5.8m reduction from 2016-17
- 5.4 Councils keep a proportion of the income they receive from business rates raised in their area. Of the £85m collected locally the vast majority is paid over to central government leaving the Council with £19.4m. The Government intends to move to local authority retention of 100% of business rates by 2020, but it is not yet clear how this will benefit local authorities.
- 5.5 The New Homes Bonus (NHB) funding for 2017-18 is £330k below previous expectations, as the number of years for which payments are made has been reduced from six years to five years in 2017-18, and then to four years from 2018-19. This NHB reset will be redirected into an Adult Social Care Support Grant of which West Berkshire will receive £503k one off funding.
- 5.6 The Education Services Grant (ESG) is being withdrawn and it is estimated that there will be a negative impact on our revenue budget in 2017-18 in the region of £373k. Schools can choose to buy back the services that were previously funded from this grant from the local authority or to buy from private providers, but they will not receive additional funding to do so. The transfer of Education Support Grant functions to schools and to the DSG was agreed at the Schools Forum meeting of 23rd January 2017.
- 5.7 West Berkshire Council's main source of funding is from Council Tax. The recommendation included within this report is a Council Tax increase of 1.99% for 2017-18 with a 3% precept ring-fenced for adult social care. This will raise a total of £4.2m, of which £2.5m will be ring-fenced for adult social care. Adult social care makes up over a third of the Council's net revenue budget. Whilst efficiencies are being made in the way the Council operates this Service, the precept will go

towards funding the mounting pressures faced in the areas of learning disability, demographic increases, increased costs, additional staffing requirements.

- 5.8 In order to set the budget for 2017-18, £4.7m of savings and income proposals have been recommended, including reductions in highways and drainage maintenance and road safety, restructure of youth support, family resource, help for families and young carers service and increasing highways fees and charges including parking. In 2017-18, West Berkshire Council will receive transitional grant funding of £1.37m and after considering the responses to the consultation on savings it is proposed that the Executive recommend to Council the allocation of funding as outlined in the recommendations.
- 5.9 The Council has made provision in the 2017-18 budget to put £1.98m back into reserves. £0.98m will go into the Adult Social Care Risk Fund to mitigate against risks in this area and if the Executive are minded to approve the use of Transition Grant after considering the consultation responses, then £1m will be allocated to a Transformation Fund, in order to ensure that the Council has the resources to pursue transformation plans outlined in the MTFs and to invest in strategies that will bring future benefits to the organisation.

6. Conclusion

- 6.1 The Council is forecasting an over spend in 2016-17 which will reduce our level of reserves. The ongoing effect of these budget pressures and the impact on reserves has been factored into the 2017-18 budget, and together with the reductions in government funding, we have had to close a funding gap of £8.9m. This has been achieved by £4.7m of savings proposals and increased income and a Council Tax increase of 1.99% raising £1.7m, and a 3% precept ring-fenced for adult social care raising £2.5m. The precept will help to fund the increased demand, complexity of care and cost pressures we are facing in this area.
- 6.2 West Berkshire Council has an excellent track record of delivering on its savings proposals and of reacting to ongoing pressures in order to minimise the budgetary impact.

7. Appendices

- Appendix A - Supporting Information
- Appendix B – Equalities Impact Assessment
- Appendix C – Contract inflation
- Appendix D – Service pressures
- Appendix E – Savings proposals 2017-18
- Appendix F – Reserves statements
- Appendix G – Adequacy of reserves and robustness of budget estimates
- Appendix H – Fees and Charges
- Appendix I – Special Expenses
- Appendix J – Council Tax Collection Fund
- Appendix K – Unison comments (to follow)
- Appendix L – Minutes of the Business Panel information meeting held on 15th February 2017 (to follow)
- Appendix M – Council Tax Resolution (to follow)
- Appendix N – Consultation Papers