
Revenue Budget 2018/19

Committee considering report:	Executive on 19 February 2018 Council on 1 March 2018
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	9 February 2018
Report Author:	Andy Walker
Forward Plan Ref:	C3277

1. Purpose of the Report

- 1.1 To consider and recommend to Council the 2018/19 Revenue Budget, which proposes a Council Tax requirement of £94.84m requiring a Council Tax increase of 2.99% in 2018/19 with a 3% precept ring-fenced for adult social care. The Council Tax increase will raise £2.7m and the precept will raise a further £2.7m ring-fenced for adult social care.
- 1.2 This report also proposes the Fees and Charges for 2018/19 as set out in Appendix H and the Parish 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 approves the 2018/19 Council Tax requirement of £94.84 million requiring a Council Tax increase of 2.99% 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 Parish 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 2018/19 budget be acknowledged and noted.
 - (5) That, in relation to the Garden Waste Collection Service, if the proposal is approved then it is recommended that delegated authority be granted to the Head of Transport and Countryside in consultation with the Section 151 Officer, Monitoring Officer and the Portfolio Holder for Waste to enable the necessary contract changes to be made to facilitate the changes to the Garden Waste Collection Service.

3. Implications

- 3.1 **Financial:** These are contained in further detail within the report. The key implication is the proposed 2.99% Council Tax increase with a 3% precept ring-fenced for adult social care, which leads to a savings and income generation programme of £5.2m in 2018/19. 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 some 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 2018/19 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 funding reductions required for 2018/19 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 2.99% with a 3% precept ring-fenced for adult social care. If these options were not taken, the savings requirement would be £5.4m higher. We have considered all options available to us in order to keep the savings requirement to the level it is.

Executive Summary

5. Introduction

- 5.1 The purpose of this paper is to consider and recommend to Council the 2018/19 Revenue Budget, which proposes a Council Tax requirement of £94.84m requiring a Council Tax increase of 2.99% with a 3% precept ring-fenced for adult social care. The Council Tax increase will raise an additional £2.7m and the precept will raise a further £2.7m ring-fenced for adult social care.
- 5.2 In order to arrive at a balanced budget for 2018/19, £5.2m of savings and income generation proposals have been recommended, including reductions in street cleansing, introducing a charge for garden waste collection, further transformation in the way adult social care is provided, demand and cost management in social care, investment in commercial property to generate new income streams and many others. A public consultation exercise was undertaken on each of the public facing proposals and detail on the responses is included in Appendix N. The proposed savings will have some implications for staff which are detailed in a separate report.
- 5.3 This report also proposes the Fees and Charges for 2018/19 as set out in Appendix H and the Parish Special Expenses as set out in Appendix I and recommends the level of General Reserves as set out in Appendix F and Appendix G.

6. 2017/18 In Year Position

- 6.1 The 2017/18 budget was built with a savings programme of £4.7m. Transitional grant funding has helped services transition to a new model of operation, but despite this, at Quarter Three, we are forecasting an over spend of £860k.
- 6.2 Adult Social Care is seeing increased complexity of client needs and inflationary increases in commissioning services for nursing and residential care, leading to a forecast over spend of £485k. Overall client numbers have not increased significantly which is in part attributable to the success of our preventative and demand management strategies. However, this is not enough to offset the complexity and cost pressures and the delayed realisation of savings plans. The Education Service is forecasting a £364k over spend and Children and Family Services are forecasting an over spend of £389k, both predominantly as a result of residential placement pressures. Other services across the Council have been able to generate under spends in order to bring down the overall level of over spend.

7. Local Government Settlement

- 7.1 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 some financial certainty from 2016/17 to 2019/20 on which the Council can plan ahead and build other sources of income.
- 7.2 The provisional Local Government Finance Settlement 2018/19 was issued on 19 December 2017, with the final settlement announced on 6 February 2018. The Secretary of State for local government has approved a bid submitted collectively by the six unitary authorities in Berkshire to inform the development of a new funding system for local government. Along with nine other proposals from groups of authorities across England, the creation of a business rates pilot across Berkshire in

2018/19 will help the Government develop its detailed proposals to devolve business rate income to local authorities, replacing the current grant funding arrangements. During the pilot year, it is estimated that an additional £35m of business rates income collected in Berkshire will be retained within the county, rather than being returned to Whitehall as at present. The Berkshire authorities have committed to set aside 70% of the additional funding to make improvements to transport infrastructure in the Reading – Wokingham and Slough – Heathrow corridors. The works will be taken forward by the Thames Valley Berkshire Local Enterprise Partnership (LEP). The remaining 30% of additional funding will be distributed to the individual local authorities in Berkshire, in proportion to their respective contribution to the overall growth. The pilot has been agreed for one year only.

- 7.3 As part of the pilot, the Revenue Support Grant (RSG) will become part of our baseline funding. For West Berkshire the RSG for 2018/19 is £120k which is 97% less than in 2017/18, equating to a loss of £3.6m
- 7.4 The New Homes Bonus (NHB) funding for 2018/19 amounts to £2.7m. The number of years for which payments are made has been reduced to four years from 2018/19.
- 7.5 A one-off Adult Social Care Support Grant was announced in the final settlement and for West Berkshire this amounts to £313k for 2018/19. This will be used to replenish the service risk reserve.

8. Council Tax

- 8.1 West Berkshire Council's main source of funding is from Council Tax. The recommendation included within this report is a Council Tax increase of 2.99% for 2018/19 with a 3% precept ring-fenced for adult social care. The Council Tax increase will raise £2.7m and the precept will raise a further £2.7m 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.

9. Funding Statement

- 9.1 The Funding Statement for 2018/19 shows the funding available to the Council which can be used to fund the budget requirement.

2018/19 Funding Statement		
Income	£m	£m
Council Tax income		94.84
Revenue Support Grant		0.00
Adult Social Care BCF ringfenced funding		5.43
Adult Social Care iBCF ringfenced funding		0.58
Adult Social Care Support Grant		0.31
Other Non-Ringfenced Grants		0.08
Retained Business Rates		22.23
New Homes Bonus		2.69
Council Tax Collection Fund deficit		-0.73
Funds Available		125.44
Expenditure	£m	£m
Opening budget	114.76	
Budget growth	2.55	
Contract inflation	1.76	
Service pressures	4.49	
Capital financing	0.50	
Savings or income requirement	-5.23	
Annual Budget Requirement		118.83
One off provision for other risks		0.60
One off Adult Social Care BCF ringfenced funding		5.43
One off Adult Social Care iBCF ringfenced funding		0.58
Net Budget Requirement for Management Accounting		125.44
Increase in reserves		1.24
Use of reserves		-1.24
Budget Requirement		125.44

10. Reserves

- 10.1 As part of the financial planning process, the Council considers the establishment and maintenance of reserves. Reserves are categorised into usable and unusable reserves. Usable Reserves consist of the General Reserve and Earmarked Reserves. The Council's s151 officer (Head of Finance and Property) recommends that the General Reserve is a minimum of 5% of the Council's net revenue budget, which for 2018/19 would be £6.3m.
- 10.2 During 2017/18, usable reserves are expected to reduce by £2.67m to fund the forecast revenue over spend, fund exit costs arising from savings plans, fund transformation projects and release earmarked reserves.
- 10.3 In 2018/19, the Council's share of the Council Tax collection fund deficit of £727k and a shortfall in Dedicated Schools Grant funding of £191k will be funded on a one off basis from earmarked reserves. £325k will be released from the waste reserve to support the waste savings plans. Total planned use of reserves is therefore £1.24m. Budget provision been made to ensure planned use of reserves is funded by an equivalent increase in reserves.

11. Proposals

- (1) That Council approve the 2018/19 Council Tax requirement of £94.84 million requiring a Council Tax increase of 2.99%, with a 3% precept ring-fenced for adult social care.

- (2) That the Fees and Charges be approved as set out in Appendix H and the appropriate statutory notices be placed where required.
- (3) That the Parish Special Expenses be approved as set out in Appendix I.
- (4) That the responses received to each of the public facing savings proposals in relation the public consultation exercise undertaken on the 2018/19 budget be acknowledged and noted.
- (5) That, in relation to the Garden Waste Collection Service, if the proposal is approved then it is recommended that delegated authority be granted to the Head of Transport and Countryside in consultation with the Section 151 Officer, Monitoring Officer and the Portfolio Holder for Waste to enable the necessary contract changes to be made to facilitate the changes to the Garden Waste Collection Service.

12. Conclusion

- 12.1 The Council is forecasting an over spend in 2017/18 which will reduce our level of reserves. The ongoing effect of these budget pressures and the impact on reserves has been factored into the 2018/19 budget, and together with the reductions in government funding, we have had to close a funding gap of £10.6m. This has been achieved by £5.2m of savings and income generation proposals, a Council Tax increase of 2.99% raising £2.7m, and a 3% precept ring-fenced for adult social care raising a further £2.7m. The precept will help to fund the increased demand, complexity of care and cost pressures we are facing in this area.
- 12.2 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.

13. Appendices

Appendix A – Equalities Impact Assessment
Appendix B – Supporting Information
Appendix C – Contract inflation
Appendix D – Service pressures
Appendix E – Savings and Income proposals
Appendix F – Reserves statements
Appendix G – Adequacy of reserves and robustness of budget
Appendix H – Fees and Charges
Appendix I – Parish Special Expenses
Appendix J – Council Tax Collection Fund
Appendix K – Unison comments – to be tabled
Appendix L – Minutes of the Business Panel information meeting held on 12th February 2018 - to follow
Appendix M – Council Tax Resolution – to follow for Council
Appendix N – Consultation Papers

Appendix A

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, 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; this includes the need to:**
 - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
 - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of 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, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	Approval of Revenue Budget 2018/19
Summary of relevant legislation:	
Does the proposed decision conflict with any of the Council's key strategy priorities?	No
Name of assessor:	Andy Walker
Date of assessment:	31.1.2018

Is this a:		Is this:	
Policy	No	New or proposed	Yes
Strategy	No	Already exists and is being reviewed	No
Function	No	Is changing	No
Service	No		

1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	Set a revenue budget for 2018/19
Objectives:	A balanced budget
Outcomes:	
Benefits:	Statutory requirement

2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this
Age		
Disability		
Gender Reassignment		
Marriage and Civil		

Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
Further Comments relating to the item:		

3 Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	No
Please provide an explanation for your answer: Any impacts have been assessed and have been publicly consulted on where necessary	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	No
Please provide an explanation for your answer: Any impacts have been assessed and have been publicly consulted on where necessary	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

4 Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name: Andy Walker

Date: 31.1.2018

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) (rachel.craggs@westberks.gov.uk), for publication on the WBC website.