

Meeting: COUNCIL

Portfolio Area: Resources

Agenda Item:

5A

Date: 25 FEBRUARY 2015

2015/2016 COUNCIL TAX SETTING AND GENERAL FUND BUDGET

KEY DECISION

Author – Clare Fletcher	Ext 2933
Contributors – Scott Crudgington	Ext 2185
Lead Officer – Scott Crudgington	Ext 2185
Contact Officer – Clare Fletcher	Ext 2933

1. PURPOSE

- 1.1 To consider the Council's final General Fund Budget for 2015/16 and projected 2014/15 General Fund Budget and final proposals for the 2015/16 council tax as recommended by the Executive.

2. RECOMMENDATIONS

- 2.1 That the following proposals be approved by Council.
- 2.1.1 That the Budget summarised at Appendix A to this report, be the Council's General Fund Budget for 2014/15 and 2015/16. A further update on the 2014/15 budgets will be given at the March Executive as part of the quarterly monitoring process.
- 2.1.2 That approval be given to a General Fund Net Budget Requirement for 2015/16 of £10,939,194 (after taking account of the government's council tax freeze grant) a contribution to balances of £537,994 and a Band D council tax of £188.52 (assuming a 0% increase), as reflected in the council tax resolution at Appendix B to the report.
- 2.1.3 That approval be given to a General Fund Revenue Account Contingency Sum in the Budget and Policy Framework for 2015/16 of £400,000.
- 2.1.4 That the advice of the Strategic Director (Resources) on the robustness of the draft budget and the adequacy of reserves (Appendix C) be noted.
- 2.1.5 That the Fees and Charges increases (Appendix F) be noted.
- 2.1.6 That the contribution from the Collection Fund (Council Tax) for 2015/16 of £142,003 be noted.

- 2.1.7 That the estimated pooling gains and retained business rate growth included in the 2015/16 budget of £669,177 be noted.
- 2.1.8 That it be noted that the General Fund Medium Term Financial Strategy remains largely unchanged from that reported to the meeting of the Executive held on 20 January 2015 and continues to meet the financial objectives set by the Chief Finance Officer.

3. BACKGROUND

- 3.1 This report presents the Council's final General Fund net expenditure for 2015/16 taking account of the savings, pressures and growth items. The General Fund Budget forms part of the council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme; decisions relating to the control of the council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.
- 3.2 The Council's Financial Strategy (MTFS) was reported to Executive in July 2014. The report highlighted the on-going uncertainty surrounding the levels of public expenditure, particularly around future government financial support, the current government has indicated that only 40% of the required reduction in public spending had been achieved. In recognition of further cuts from 2016/17 onwards, the Council's MTFS in July forecasted a loss of government grant of 56% between 2010/11-2017/18.
- 3.3 The financial position for Stevenage has been difficult in recent years with spending reductions and zero increases in council tax. Members have however approved savings in excess of £10million from the General Fund budget since 2007/08 and despite the recession and increasing pressures on services Members have set a balanced budget since 2010/11 with a minimal draw on General Fund reserves.
- 3.4 At the November 2014 meeting, the Executive approved a range of savings and growth bids to be included in the 2015/16 Budget after taking into consideration expected budget pressures.
- 3.5 The 2015/16 Finance Settlement was received on 4 February 2015 and was £6,940 lower than estimated. The settlement is shown in paragraph 5.6 of this report.
- 3.6 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a minimum consultation period of three weeks. The timescale required to implement this process is outlined below:

20 January 2015	Executive	Draft Council tax setting and General Fund 2015/16 Budget (incorporating savings)
21 January 2015	Overview & Scrutiny	Draft Council tax setting and General Fund 2015/16 Budget (incorporating savings)
10 February 2015	Executive	Final Council tax setting and General Fund 2015/16 Budget (incorporating savings)
16 February 2015	Overview & Scrutiny	Final Council tax setting and General Fund 2015/16 Budget (incorporating savings)
25 February 2015	Council	Final Council tax setting and General Fund 2015/16 Budget (incorporating savings)

3.7 The overall net General Fund Budget includes budget savings and revenue growth and the effects of the Local Government Finance Settlement.

3.8 The Executive considered the officer proposals at the February meeting and recommended that a 0% council tax increase be agreed which is reflected in the recommendations (paragraph 2.1.2.)

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Overview & Scrutiny Committee

4.1.1 The Committee met on the 21 January 2015 and the Assistant Director (Finance) presented the draft proposals for the 2015/16 council tax setting and General Fund Budget.

4.1.2 Members asked a number of questions concerning the impact of accepting the Government's council tax freeze grant in lieu of any proposed council tax increase.

4.1.3 The Committee did not record any further comments on the report.

4.2 Consultation

4.2.1 As part of the Priority Based Budgeting (PBB) launch the Council undertook a series of consultation exercises to engage the public on how to maintain a sustainable balanced budget for the Council. This enabled the Council to prioritise services and consider savings options for the period 2014/15 – 2016/17 in response to the forecasted government funding reductions. Our consultation activities were conducted in line with government guidelines and with the Council's co-operative commitment to involve the public in decision making.

4.2.2 The PBB1 consultation engaged a cross-section of residents and stakeholders using a variety of methods. Participants in the PBB1 consultation were provided with background information as to why the Council was required to find savings, and were asked:

Question one- Which of three options they preferred to achieve a balanced budget: maximising income from fees and charges, cutting existing services or increasing council tax?

Question two- How important selected services were in making Stevenage a good place to live? The second part of this question asked them to tell us which three of these services were most important to them.

Question three - If any, of these services should ask users to make more of a contribution to the costs of providing them? We also asked which services should offer a discounted charge to Stevenage residents compared with users from other areas.

4.2.3 The key findings from PBB1 consultation were as follows:

- Respondents gave a strong preference to maximising income. Their second preference was for increasing council tax and their least preferred option was for cutting services.

Total participants PBB1: 1,048	Priority 1	Priority 2	Priority 3	Rank
Maximising income from charges	584 (55.7%)	340 (32.6%)	121 (11.6%)	1
Increasing Council Tax	306 (29.2%)	294 (28.2%)	445 (42.6%)	2
Cutting existing services	158 (15.1%)	408 (39.2%)	479 (45.8%)	3

- The three most important services for making Stevenage a good place to live were tackling crime and anti-social behaviour, activities for younger people and parks and open spaces

4.2.4 As the PBB1 process was so extensive and informed a three-year budget cycle the findings of PBB1 (Question one) were used to reconfirm residents views.

4.2.5 Between August and October an online and hard copy questionnaire was used to inform residents and stakeholders of what they told us last year, and asking if their views had changed. Chronicle, Facebook and Twitter were used to promote and encourage take-up of the online survey and advised residents of how they could access hard copy versions. Hard copies were completed by visitors to the Customer Services Centre (CSC) and the Play and Children’s Centres, members of the Youth Council, and were also made available at the Citizens Advice Bureau (CAB) and at the Older People’s Day event in the town centre.

4.2.6 The questions and findings are shown below. While the differing methods are not directly comparable, for ease of use the results of both the hard copy and online questionnaires have been combined for comparison with the total results for last year:

4.2.7 **Question one** – Last year, you told us that you would prefer us to increase our income from charges, before increasing council tax or cutting services. Please tell us your order of preference 1, 2 and 3 (1 being your preferred option). The results table below shows that there is continuing support for the ranking of priorities identified last year in PBB1.

Total participants PBB2: 152 (148 valid responses)	Priority 1	Priority 2	Priority 3	Rank
Maximising income from charges	94 (63.5%)	47 (33.6%)	6 (4.3%)	1
Increasing Council Tax	32 (21.6%)	67 (47.9%)	40 (29%)	2
Cutting existing services	22 (14.9%)	26 (18.6%)	92(66.7%)	3

4.2.8 **Question two** – We charge people for a number of council services including waste disposal, garages, pest control and commercial rents. Last year you told us that increasing income from charges was your first preference. What level of increase would you agree with to help the Council to keep its finances balanced?

- No increase to fees and charges
- Increase in line with inflation (currently 2.4%)
- Increase above inflation

Total participants PBB2: 145	
No increase	28 (19.3%)
Increase in line with inflation (2.4%)	101 (69.7%)
Increase above inflation	16 (11%)

4.2.9 A majority of respondents would agree with an inflationary increase to fees and charges, as shown in the table above.

4.2.10 Participants were also given the opportunity to make additional comments and suggestions that would help the Council to address the increasing Budget gap over the next three years. These varied widely and have been passed on to the relevant Strategic Director for further consideration with their Heads of Service.

4.2.11 In responding to the consultation, the options to increase fees and charges and council tax over three years would total £835,000 and would not address the £2.4 Million funding gap in its entirety and options around services still need to be considered.

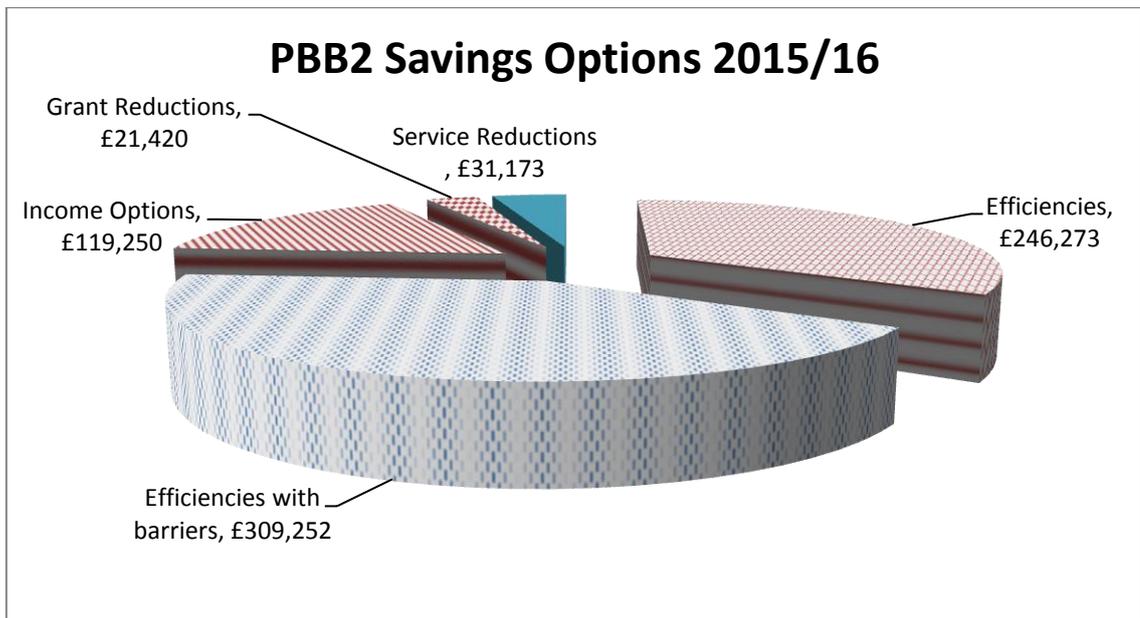
5. IMPLICATIONS

5.1 2015/16 Savings

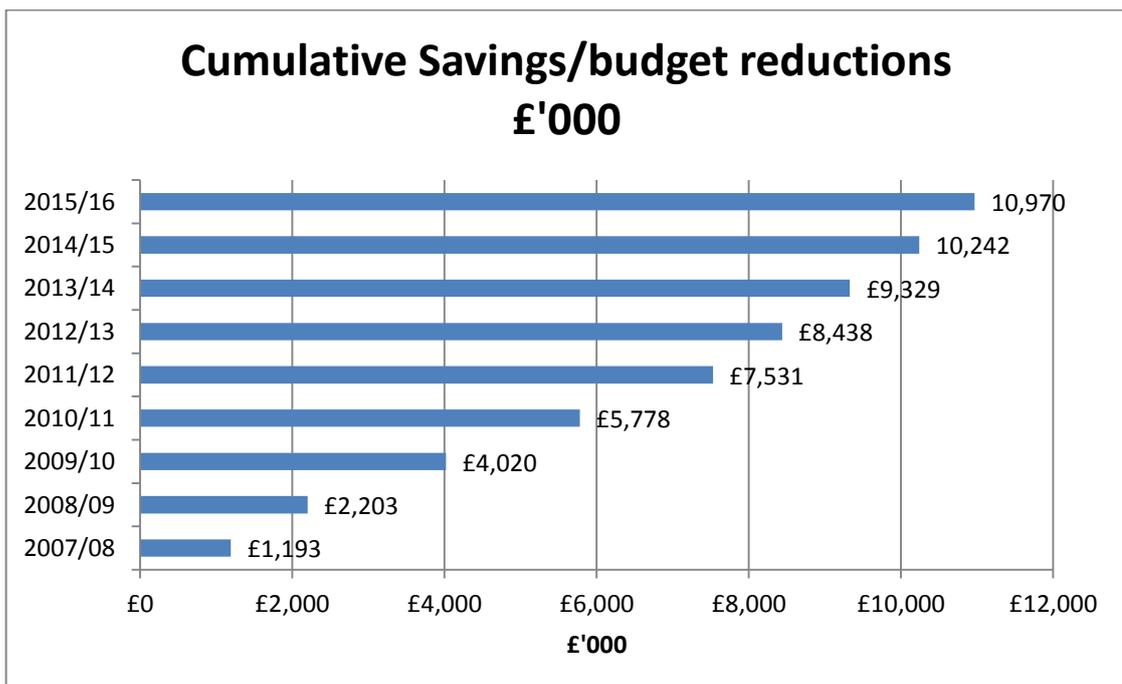
5.1.1. The 2015/16 savings options form part of a three year package which was agreed at the November Executive. In order to take a longer term view and to change the focus needed for setting prudential budgets, a new approach of Priority Based Budgeting (PBB) was developed from 2014/15 and PBB2 is for the financial years 2015/16 to 2017/18.

5.1.2. Future years' savings options (2016/17-2017/18) will be approved as part of the appropriate year's budget setting process. Savings Options totalling £727,368 for 2015/16 were reported in January and were £24,370 lower than previously reported to the Executive. The estimated implementation costs of the savings are £38,884 and are included in the 2014/15 revised budget.

5.1.3. The savings recommended for approval in 2015/16 of £727,368 have been categorised and are summarised in the chart below and detailed in Appendix D .

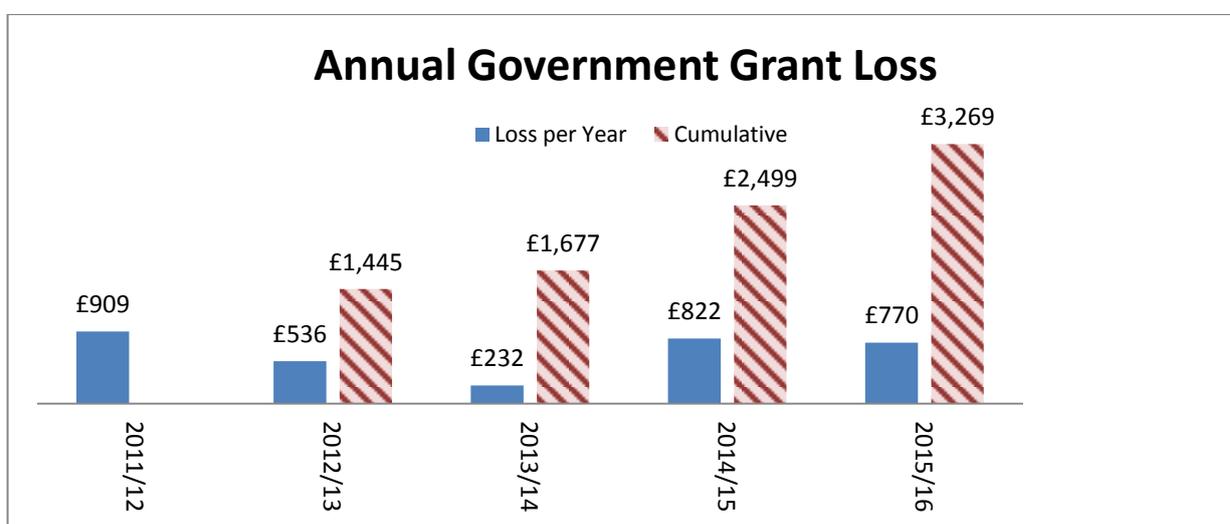


5.1.4 The Council has since 2007/08 delivered significant savings and efficiencies during difficult economic times and has been successful in setting a prudent balanced General Fund budget. The goal of achieving a balanced budget has been met despite a significant reduction in government funding, while at the same time seeking to minimise the impact on the council tax payer. The chart below shows the savings achieved since 2007/08 and up to and including 2015/16 savings.



5.2 Government Support

- 5.2.1 The Council has needed to make savings each year initially to reduce the council's reliance on the use of reserves to run services, as balances were rapidly being expended. As the Council succeeded in closing the gap a new challenge emerged of cuts in government financial settlements as the current coalition government reduced public spending.
- 5.2.2 Since the Government's austerity programme commenced the council has seen significant cuts to government funding. Since 2011/12 the council has seen grant funding reduce by £3.269Million or 52.36% of total grant by 2015/16 as demonstrated in the chart below. The need for further reductions in public spending beyond the current parliament has been widely reported.



5.3 Localisation of Business Rates

- 5.3.1 From 2013/14 Non Domestic Rates (NNDR) distribution changed, with the council now taking on part of the risk or reward for the Business Rates yield. The Council is classified as a tariff authority by the government and as such a 'tariff' payment is applied to the 40% share of the business rates yield Stevenage is entitled to retain. The 2015/16 government assumptions for the 40% NNDR yield and the tariff are included in the government support figures and these are summarised in the table below.

Government Funding 2015/16	Revenue Support Grant	Business Rates	Total
Revenue Support	(1,861,231)		(1,861,231)
Retained Business rates		(18,572,921)	(18,572,921)
Tariff		16,238,125	16,238,125
Total	(1,861,231)	(2,334,796)	(4,196,027)

- 5.3.2 In calculating the amount of Business Rates that Stevenage includes in its accounts for 2015/16, the NNDR1 form must be completed and returned to the Government and agreed by Members by 31 January 2015. The calculation includes any surplus/deficit for 2013/14 and projection for 2014/15 as well as an estimate for 2015/16.
- 5.3.3 There was a 2013/14 deficit of which Stevenage's share was £222,646. On the NNDR 1 for 2014/15 there had been a much higher allowance for appeals and Stevenage's deficit share had been assumed at £1,104,036. This projected increase in deficit had arisen as a result of the estimated increased cost of appeals up to and including 31 March 2014. The initial calculation was £2.7Million, however further work with the Valuation Office had indicated that appeals projections now could be as high as £6.6Million. The Council has employed a company to review the backdated appeals and in the final accounts a lower cost of £3.58Million was assumed.
- 5.3.4 The impact of the lower appeals figure for 2014/15 led to reduction in Stevenage's share of the 2013/14 deficit meaning £881,389 will be returned to the General Fund in 2015/16. However it should be noted that most of the outstanding appeals had not been agreed at the time of writing this report.
- 5.3.5 The projection for 2014/15 shows that income from NNDR is £24,166 lower than estimated. Reliefs awarded to businesses (announced in the Autumn Statement) are projected to be lower, these are payable via s31 grant in year. The impact of this change is that in year s31 grant will reduce and there will be a compensating increase in net yield payable. But this will not be due to the General Fund until the following year, as the yield paid in year is based on the original estimate (NNDR 1 2014/15). The impact is that resources due in 2014/15 will be £322,665 lower but £298,499 will become payable in 2015/16.

	Compare 2014/15 Original v Projected			Payment in year	
	NNDR 1 2014/15 £	Projection 2014/15 £	Var to NNDR 1 £	2014/15	2015/16
Net yield	(45,136,413)	(45,882,661)	(746,248)		
Stevenage share of yield	(18,054,565)	(18,353,064)	(298,499)	(18,054,565)	
Tariff	15,933,655	15,933,655	0	15,933,655	
Share net of tariff	(2,120,910)	(2,419,409)		(2,120,910)	(298,499)
S31 grant payable	(591,931)	(271,360)	320,571	(271,360)	
Baseline Funding Level	(2,291,024)	(2,291,024)	0		
Gains before levy applied	(421,817)	(399,745)	22,072		
Levy due (50%)	184,339	186,433	2,094	186,433	
Retained Business Rates	(2,528,502)	(2,504,336)	24,166	(2,205,837)	(298,499)
Estimated				(2,528,502)	
Variance				322,665	(298,499)

(())=surplus/increase income)

5.3.6 The retained Business Rates for 2015/16 net of the tariff are higher than the baseline assumed within the government support calculations. This is partly because of growth in the NNDR yield and changes to assumptions regarding new appeals. The government announced in the Autumn Statement that NNDR appeals had to be registered by 31 March 2015 to be eligible for backdating to 2010. This means that a lower increase in the provision has been assumed for 2015/16.

5.3.7 There is also an increase in retained rates as a result of Stevenage's participation in the Hertfordshire Pool for the coming year. This is estimated to be an additional £200,000 to £283,000 and the lower value has been included for budgeting purposes. This means that for 2015/16 there is an additional £669,177 of NNDR to be retained in Stevenage above the baseline funding assumed by the government. If Stevenage were not part of the Hertfordshire Pooling arrangement then the value retained would have been £469,177.

Stevenage Share	NNDR 1 2015/16 £
Baseline Funding	(2,334,796)
S31 grant not included in levy calculation	(43,183)
Retained Rates (50% of gains)	(425,994)
Retained rates from Pooling	(200,000)
Retained rates for 2015/16	(3,003,973)
Increase above the baseline	(669,177)

(())=surplus/increase income)

5.3.8 Participation in the NNDR pool is not without risk as the safety net the means by which the government would reimburse losses more than 7.5% of the baseline funding does not apply in the same way. Furthermore the Hertfordshire districts not in the pool could impact on the potential gains as the county receives a 10% yield from these districts. The Strategic Director (Resources) and the Assistant Director (Finance) have assessed the risks and have determined that inclusion in the pool would be beneficial to Stevenage in 2015/16.

5.3.9 The total for 2013/14-2015/16 of NNDR due to the General Fund is summarised in the table below.

Business Rates Income included in 2015/16	General Fund		
	2015/16 £	2014/15	2013/14
Business Rates due:			
Business rates due	(2,422,856)	(298,499)	(881,389)

Business Rates Income included in 2015/16		General Fund	
	2015/16 £	2014/15	2013/14
S31 grant payable	(381,117)		
Pooling Adjustments:			
Pooling gains	(200,000)		
Retained Business Rates	(3,003,973)	(298,499)	(881,389)
			(4,183,861)

5.4 GENERAL FUND BUDGETS 2014/15 AND 2015/16

5.4.1. The 2014/15 working and 2015/16 General Fund final budget recommended for approval at the January Executive are largely unchanged. A summary of the movements for 2014/15 are shown below and total a reduction of £107,930. Any further changes to the current year's budget will be updated as part of the quarterly monitoring reports.

2014/15 General Fund Net Budget Changes		
Description	£	Comment
January Reported Net Budget	8,720,500	
Staffing costs	(109,940)	Staff vacancies across General Fund including refuse and street scene, with agency staff used to cover shortfall.
Fuel saving for fleet	(12,000)	Fuel inflation lower than originally estimated.
Net income pressure	15,000	Traders lost in Indoor Market.
Haulage and tipping costs	(24,080)	Additional income for transfer station from new customers. (Net saving after disposal costs) and anticipated increase in land fill costs has not materialised.
Materials and Equipment	23,440	Increased material costs as a result of extending vehicle lives before replacement.
Other changes	(350)	
Total Changes	(107,930)	Total value of all the changes listed above
February Reported Net Budget	8,612,570	

5.4.2. The 2015/16 General Fund final budget movements from the January Executive are shown below and a net decrease of £52,760. This now includes an estimate of council tax freeze grant for 2015/16 of £55,000 as a result of the Executive recommendation for a 0% increase in council tax for 2015/16.

2015/16 General Fund Budget Changes		
Description	£	Comment
January Reported Net Budget	10,453,960	
Income	(18,280)	Additional income for transfer station from new customers. (Net saving after disposal costs)
Materials	30,000	Increased material costs as a result of extending vehicle lives before replacement.
Ongoing Fuel saving for fleet	(16,150)	Fuel inflation originally estimated at 0% but a small reduction is now estimated.
Revised investment Income	4,050	Based on updated interest rate forecast provided by treasury advisors.
Council tax freeze grant	(55,000)	Estimated grant as a result of decision at February Executive to have a 0% increase.
Other changes	2,620	
Total Changes	(52,760)	Total value of all the changes listed above
February Reported Net Budget	10,401,200	

5.4.3 Summaries of the final General Fund budget net requirements are attached as Appendix A.

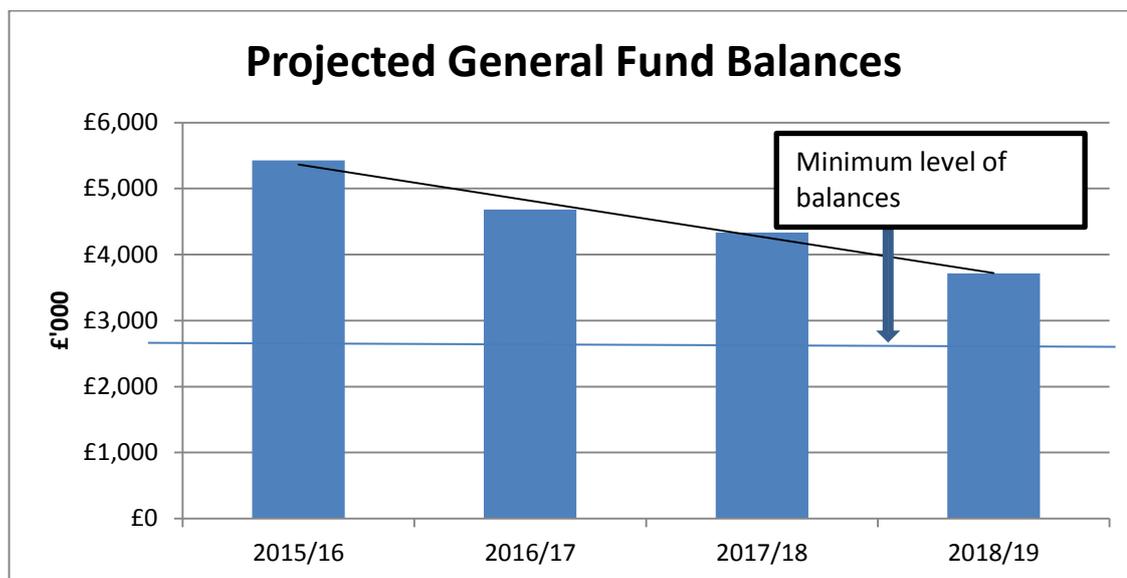
5.5 Balances and Reserves

5.5.1 All balances and reserves are considered to be available to meet annual deficits.

5.5.2 Total available balances and reserves as at 31 March 2016 are estimated to be £5,428,620 (after a contribution to balances to £537,994). The 2015/16 risk assessed General Fund minimum balance is £2,784,065. This is needed to meet unforeseen expenditure and/or income losses arising in the year and to meet expenses arising before income is received.

5.5.3 The General Fund balances are £2,644,555 higher than the risk assessed level of balances, however to put this into context this is a one year assessment rather than over the life of the General Funds MTFs. This shows

the level of balances diminishes over the next five years as shown in the chart below.



5.5.4 General Fund reserves are projected to reduce by £1.7Million between 2016/17-2018/19. Holding higher balances during the life of the MTFS allows for a considered approach to finding the savings that need to be made over the next three years, (£1.9Million). In addition the following factors need to be taken into account:

- Only £390,115 of the savings target for the period 2016/17-2018/19 have been identified and the ability to find new savings will inevitably become harder to achieve.
- The level of future cuts in government funding is not known, the MTFS does makes assumptions about grant cuts in future years, however in the MTFS there still currently remains £632,000 of RSG at 31 March 2019. Some commentators have predicted that RSG as an element of local government funding may disappear completely.
- The continuation of New Homes Bonus is not currently known and the General Fund currently transfers £200,000 annually to support the running of services and a further £250,000 is used to support the Capital Strategy.
- There has been discussion about reforming Business Rates, the MTFS currently projects additional monies from growth in the Business Rate yield.

5.5.5 The Council also holds allocated reserves which are ring fenced for specific revenue expenditure requirements. These reserves have been reviewed the

capital reserve has reduced by £7,000 in 2014/15 and from the January report. A summary of the reserves is shown below.

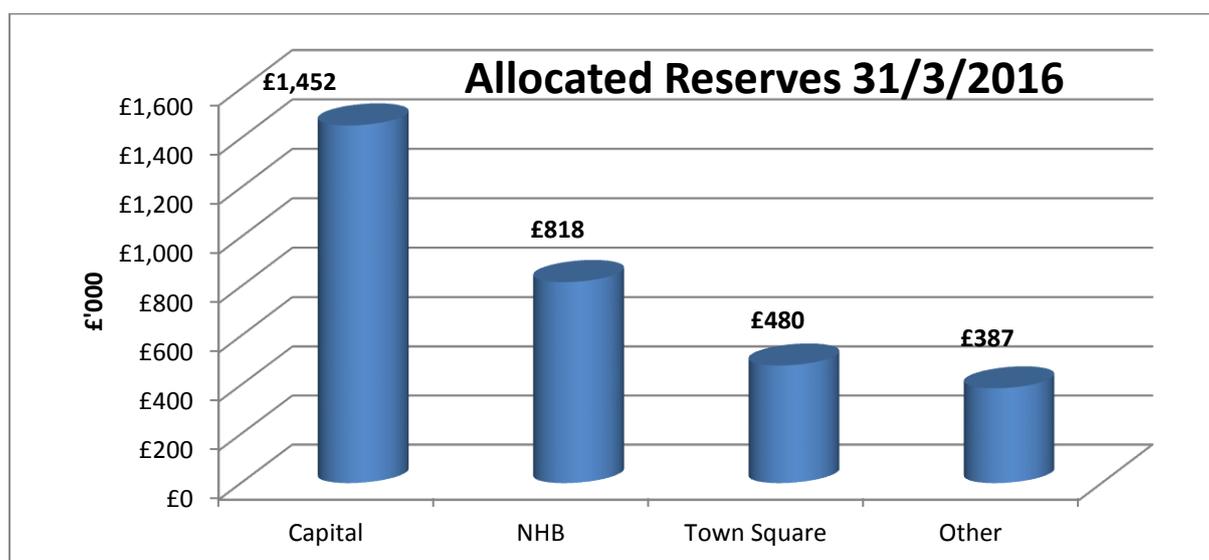
Allocated Reserves	Balance as at 1 April 2014	Estimated Movements in Year	Forecast Balance as at 31 March 2015	Estimated Movements in Year	Forecast Balance as at 31 March 2016
	£'000	£'000	£'000	£'000	£'000
Capacity Building	(185)		(185)	185	0
Single Capital Reserve	(511)	(807)	(1,318)	(134)	(1,452)
Planning Delivery Grant	(170)	0	(170)	0	(170)
New Homes Bonus	(745)	611	(134)	(684)*	(818)
Town Square	(362)	(156)	(518)	38	(480)
NDR Reserve	(161)	(11)	(172)	0	(172)
Commercialisation Reserve	0	(100)	(100)	100	0
Welfare Reform Reserve	(83)	83	0	0	0
Local Authority Mortgage Scheme	(16)	(14)	(30)	(15)	(45)
Total Allocated reserves	(2,233)	(394)	(2,627)	174	(3,137)
* Before any funds are allocated to newly approved NHB schemes in 2015-16					

5.5.6 The large proportion of the allocated reserves (46%) relates to the Single Capital Reserve. This reserve was set up during 2014/15, consolidating a number of other capital reserves and is primarily there to reduce the General Fund's reliance on borrowing. Without this reserve the General Fund was predicted to spend in excess of £1.5Million or 16% of its net base budget on borrowing costs (interest and minimum revenue provision (MRP) payments) within a few years.

5.5.7 The allocated reserves include New Homes Bonus (NHB) which is projected to total £818,000 as at 31 March 2016 if no new schemes are approved.

5.5.8 The Town Square reserve is estimated to be £480,000 by 31 March 2016, this reserve is ring fenced for any surpluses/deficits relating to the Town Square and Plaza and will be used to cover any future fluctuations in costs or rental streams. Any balances remaining will be used to help repay any debt outstanding and to contribute towards the regeneration costs for the town centre.

5.5.9 The three reserves detailed above total 88% of the value of the allocated reserves as summarised in the chart below.



5.6 2015/16 Finance Settlement

5.6.1 The provisional settlement was announced on the 18 December 2014 for 2015/16. The total 2015/16 grant was £6,940 less than previously estimated. The overall grant loss for 2015/16 (compared to 2014/15) is £770,052. The final settlement for Stevenage remained unchanged and can be summarised as follows:

	2015/16 MTFS			2015/16 Government Settlement			Variance £
	RSG £	NDR £	Total £	RSG £	NDR £	Total £	
Base	1,619,381	2,267,707	3,887,088	1,632,359	2,248,966	3,881,325	(5,763)
Freeze grant	78,267	56,803	135,070	78,267	56,334	134,601	(469)
Homelessness	40,237	29,743	69,980	40,237	29,497	69,734	(246)
2013/14 Freeze Grant	54,830		54,830	54,830		54,830	0
2014/15 Freeze Grant	56,000		56,000	55,538		55,538	(462)
Total	1,848,715	2,354,253	4,202,968	1,861,231	2,334,797	4,196,028	(6,940)

**The grant figures shown exclude any gains from Business Rates.*

5.7 Council Tax

5.7.1 As noted in the background section of this report, the Budget setting process includes consideration of council tax levels. The November 2014 MTFS

assumed a 1.9% council tax increase for 2015/16. However at the February Executive Members recommended a 0% increase for 2015/16.

5.7.2 There will be an estimated contribution to balances of £73,812 in 2014/15 and in 2015/16 there will be a contribution to balances of £537,994.

Projected Council Tax Position 2015/16			
	2014/15 Estimate	2014/15 Projected	2015/16 Estimate
Net Expenditure	9,705,670	8,612,570	10,401,200
Use of/ (Contribution to) Balances	(71,100)	(73,812)	(537,994)
Budget Requirement	9,776,770	8,686,382	10,939,194
Total Government Support	(4,910,812)	(4,910,812)	(4,196,027)
Business Rate adjustments & S31 grants	(1,165,765)	(75,378)	(669,177)
Collection Fund (Surplus)/Deficit (NNDR)	1,104,036	1,104,036	(1,179,888)
Collection Fund Surplus (Council Tax)	(124,616)	(124,616)	(142,003)
Council Tax Requirement	4,679,613	4,679,612	4,752,099
Council tax Base	24,573	24,573	25,207
Council Tax Band D	188.52	188.52	188.52
Council Tax Band C	167.57	167.57	167.57

5.7.3 The Government has the power to cap local authorities if they deem their council tax increase to be excessive, which is set at 2%.

5.8 Contingency Sums

5.8.1 The Executive will recall that a Contingency Sum needs to be determined by the council as part of the Budget and Policy Framework in order to avoid the need for council to consider all supplementary estimates during the course of the year. This contingency sum constitutes an upper limit within which the Executive can approve supplementary estimates, rather than part of the council's Budget Requirement for the year. A sum of £400,000 is proposed for 2015/16.

5.9 Legal Implications

5.9.1 The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together

with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

5.10 Equality and Diversity Implications

5.10.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of this legislation, demonstrating that as part of the decision-making process, due regard has been given to the needs described in the legislation.

5.10.2 These duties cannot be delegated and must be considered by the Council when setting the Budget in February 2015.

5.10.3 To inform the decisions about the Budget 2015/16 officers have undertaken Equality Impact Assessments (EqIAs) for service-related budget savings proposals. These have considered appropriate evidence and findings of consultation with various stakeholders to inform the decision by the Council in February 2015. Where there is a potentially negative impact, officers have identified further action needed to inform a final decision and to mitigate the impact where this is possible. These EqIAs were drafted and included in the November 2014 report, and where necessary have been updated and are appended to this report (Appendix H).

5.10.4 An EqIA that considers the collective impact of the savings proposed for 2015/16 has also been developed. This would support the Council in considering whether the combined savings proposals have a disproportionate impact on any particular equality group(s), and furthermore what activity is proposed to mitigate the impact where this is possible. This EqIA is appended to this report (Appendix J) and has not identified any disproportionate impact, particularly in light of the further action identified.

5.10.5 The Council has developed an EqIA to assess the impact of historical redundancies and restructures on the Council's workforce since the start of the savings process in December 2010. It identifies the potential impact of the current savings proposals in terms of staff who are affected by possible redundancy and redeployment within the council. This is shown in Appendix I

BACKGROUND DOCUMENTS

BD2 January Executive Draft General Fund Report

APPENDICES

Appendix A - 2014/15 working & 2015/16 Summary General Fund Budget

Appendix B - Final Council Tax Resolution

Appendix C - Robustness of the Final Budget and Adequacy of Reserves

Appendix D –Savings Proposals 2015/16
Appendix E- Growth Bids 2015/16
Appendix F - Fees and Charges 2015/16
Appendix G – Risk Assessment of General Fund balances 2015/16
Appendix H – Equalities Impact assessment
Appendix I – Equalities Impact workforce assessment
Appendix J- Equalities Impact assessment collective Impact of Savings Options