

Council

Budget Proposals 2015/16

Report of Interim Borough Treasurer

Portfolio Holder: Councillor Abdul Jabbar – Corporate Support, Finance and Human Resources

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Purpose of Report

To present to Council detailed savings proposals of sufficient value to deliver a balanced budget for 2015/16, prior to the receipt of the Local Government Finance Settlement and other information essential to the setting of the 2015/16 budget. The report also sets out the current position in relation to the budget for 2016/17.

Executive Summary

This report presents for Council, detailed budget proposals of sufficient value to deliver a balanced budget for 2015/16 together with initial savings proposals for 2016/17. These proposals build upon the work that has been undertaken in previous financial years to address budget challenges and to ensure financial stability for the Council.

Budget setting for 2015/16 and 2016/17 operates in the context of on-going economic, demographic and policy challenges at both a local and a national level. At a local level, budget proposals are framed by the Council's ambitions for a cooperative future. At a national level, the Government is still striving to reduce the national deficit and part of its strategy is to reduce public sector funding, particularly that for Local Government. In addition, the General Election due to take place in May 2015 adds to the air of uncertainty about Government grant funding to support the Council's expenditure plans.

Whilst the content of the Local Government Finance Settlement for 2015/16 can only be estimated at this stage, it will have a significant impact on determining whether budget proposals already identified are sufficient to address the funding shortfall and budget pressures which the Council is facing. The budget position cannot be finalised until the Local Government Finance Settlement has been issued by Central

Government (the Provisional Settlement is expected in mid-December), other Government funding has been notified, the Council Tax and Business Rates Tax-bases have been calculated and final levy notifications have been received. It is possible therefore that further budget proposals may have to be presented for review at the Performance and Value for Money (PVFM) Overview and Scrutiny Select Committee in January 2015 and the budget Cabinet and Council meetings in February 2015.

This report, however, provides information setting out the make-up of the budget gap as currently calculated for 2015/16 (£35.229m) and 2016/17 (£25.096m) and also the means to address in full the savings target for 2015/16. Proforma budget savings proposals in the sum £35.229m are therefore presented (with a summary at Appendix 1). However, there are three budget proposals which total £7.758m for 2015/16 (see Appendix 5) for which public consultation has not yet been concluded and therefore these proposals are simply for noting at this time. Council is therefore requested to approve budget options for 2015/16 totalling £27.471m (as set out in Appendices 2 and 3 with Equality Impact Assessment documents at Appendix 4).

All the proposals are presented in accordance with the budget approach which has been to examine options for savings via a thematic approach. Four groups were formed, each led by an Executive Director which examined proposals based around the following themes:

- Improved economy by stimulating growth and increasing productivity
- Independent self-reliant and resilient communities
- People safe, active and healthy in their homes and communities
- Effective democratic accountability supported by strong corporate governance

The savings proposals and Equality Impact Assessment documents (where appropriate) were submitted for scrutiny at the PVFM Select Committee on 13th November 2014. The Select Committee requested that two proposals be referred back to its next meeting on 11th December for further examination (it should be noted proposal C045 still requires the conclusion of the public consultation exercise). These proposals are:

- B035 – Redesigning services for Children, Young People and their Families (0-19 offer)
- C045 – Children’s Services Redesign

The outcome of the scrutiny will be available for Council to consider.

The proposals were also presented to Cabinet on 8th December 2014. Cabinet has recommended £27.471m of proposals for approval and £7.758m for noting as the public consultation exercises in relation to three proposals, C045 - Childrens Services Redesign, C046 - Adults Social Services Redesign and D040 – Review District Arrangements has not concluded.

There still remains a budget gap of £15.698m for 2016/17 and the budget theme groups have recently reconvened to identify further savings. At this stage detailed proposals for 2016/17 cover only part of the required sum and as a consequence, it is suggested that targets are allocated to each of the groups so that further work can take place. It is however intended that the detailed 2016/17 budget proposals will be

finalised around commissioning clusters to align with corporate planning arrangements.

The report also advises of the consultation in respect of the budget proposals. Public consultation began on the 1st August 2014 and will not fully conclude for some proposals until mid-January 2015 (comments received to date are summarised at Appendix 8). Staff and trade union consultation began on 2nd October 2014 and concluded on 1st December.

As at the time of the Council meeting, there still remain three 2015/16 options with consultation periods that are still live. These are summarised at Appendix 5 with the detailed proposals and Equality Impact Assessment documents detailed at Appendices 6 and 7. These are therefore recommended for noting whilst the balance £27.741m is recommended for approval.

However, given that £7.758m of savings proposals for 2015/16 will still require formal approval and that the final budgetary position will not be known until key Government announcements have been made, including the Local Government Finance Settlement, the budget will not be finalised until the Budget Council meeting on 25th February 2015.

In addition, there is the opportunity for the Council to potentially join with other Councils to form a business rates pool. The viability of this will not be known until after the Settlement announcement. In order to comply with timelines, delegation for decision making is sought to enable the Council to take this forward.

Recommendations

That Council:-

- Approves budget proposals of £27.471m for 2015/16, as set out in Appendices 2 and 3
- Notes three budget proposals totalling £7.758m for 2015/16 for which the conclusion of public consultation exercises is still required, as set out in Appendices 5 and 6
- Considers the information contained in the Equality Impact Assessment documents
- Notes that the savings target may need to be revised as a result of further financial developments including changes to Government funding and this may require the consideration of further budget proposals
- Considers the initial budget proposals for 2016/17
- Delegates approval for the inclusion of the Council in a business rates pool for 2015/16, to the Cabinet Member for Corporate Support, Finance and HR in consultation with the Executive Director, Corporate and Commercial Services and the Interim Borough Treasurer.

Budget Proposals 2015/16**1 Background**

- 1.1 Members will be aware that the Council's approach to budget setting has been to consider the financial challenge it is facing over a two year timeframe. In this regard, the financial strategy that has been agreed is to prepare a budget that addresses the estimated gap for the two year period 2015/16 and 2016/17. As would be expected at this stage, the emphasis of the budget process has been to prepare budget proposals to address the savings target for 2015/16 in full detail. Given that there is a longer timeframe to prepare for 2016/17, the continued uncertainties about the level of Central Government resources that will be available and that there will be a General Election in May 2015, progress has been made to identify savings but work is not so advanced.
- 1.2 This report sets out the Administration's proposals, which if approved would be of sufficient value to deliver a balanced budget for 2015/16. It also sets out progress so far in bridging the calculated budget gap for 2016/17. All the proposals build upon the work that has been undertaken in previous financial years to address budget challenges. The budget process ensures that over the next 24 months there will be a firm financial base which will enable service transformation to be delivered, providing savings through improved processes and a long term efficiency programme. It will also provide the framework for developing new relationships with citizens and partners supporting the agenda of a Cooperative Council.
- 1.3 The budget processes for 2015/16 and 2016/17 have to be considered within the context of significant on-going economic and policy challenges and changes at a national level. At a local level, the proposals are framed by the Council's ambition for a cooperative future where everyone does their bit to create a confident and ambitious borough. There are three objectives that focus the activity of the Council in delivering against this ambition. These are:
- **A productive place** to invest where business and enterprise thrive;
 - **Confident communities** where everyone does their bit; and
 - **Co-operative Council** creating responsive and high quality services.
- 1.4 These objectives reflect the on-going commitment for the Council and its partners to work with the residents of Oldham to bring about positive change and provide strong leadership for the borough. As in previous years a thematic approach has been taken to identify savings and this has been applied around four main areas. These are:
- Improved economy by stimulating growth and increasing productivity
 - Independent, self-reliant and resilient communities
 - People safe, active and healthy in their homes and communities
 - Effective democratic accountability supported by strong corporate governance

- 1.5 Theme groups have been established and significant work has taken place to identify budget proposals. Every effort has been taken to minimise, as far as possible, impact on the most vulnerable citizens and front-line services. The budget proposals include transformation of services, strengthening the Council's fiscal base, managing demand, generating income and removing non-essential spending. The increased use of technology and more effective work practices contribute to a number of budget proposals as do approaches to delivering services differently, including more provision by local providers or communities themselves.
- 1.6 This report provides information about the key actions and strategy employed to deliver a balanced revenue budget for 2015/16 and indicative proposals for 2016/17. It also outlines the next steps in the budget setting process. Building on the improvements made by the Council over recent years and now operating as a Co-operative Council, enables the Council to consider and meet the significant financial challenges it faces in a way that seeks to continue delivery of the right services, at the right time, to the right people. This is a very different approach to a traditional budget setting process.
- 1.7 Budget proposals to the value of £35.229m, sufficient to balance the calculated budget gap for 2015/16, were presented for scrutiny at the Performance and Value for Money (PVFM) Overview and Scrutiny Select Committee on the 13th November. The Select Committee:
- Noted proposals totaling £35.229m (including those still subject to the completion of consultation)
 - Requested proposals B035 - Redesigning services for Children, Young People and their Families (0-19 offer) and C045 Children's Services Redesign be resubmitted to its next meeting on the 11th December for further review. The outcome of this review will be reported to the Council meeting
 - Requested Cabinet give specific consideration to proposal D020 Legal & Democratic – Registrar Service
- 1.8 Budget proposals of £35.229m were also considered at the Cabinet meeting on 8th December where it was recommended that Council:
- approve £27.471m of proposals
 - notes three budget proposals totalling £7.758m for 2015/16, C045 (Children's Services Redesign £1.261m), C046 (Adult Social Services Redesign £6.197m) and D040 (Review District Arrangements £300k) as public consultation exercises are still in progress
 - receives any comments from the PVFM Select Committee at its meeting on 11th December when the Committee further scrutinises proposals B035 and C045

2 Current National Position

- 2.1 Following the banking crisis of 2008, the country faced a severe economic challenge. The economy slipped into recession, unemployment increased and this led to a need for long term restructuring of the economic base of the UK. More recently, the country moved out of recession in quarter three of 2012 and economic growth increased but significant financial challenges still remain.
- 2.2 When the Government came into power in 2010 it anticipated that it would have reduced the actual deficit to £37 billion by the end of the financial year 2014/15. In successive financial assessments this figure has been revised and is currently estimated to have increased to £96 billion.
- 2.3 A key strand of the Governments strategy to reduce the national deficit has been to reduce public sector expenditure (particularly in the financing of Local Government). The impact of this was felt within weeks of the Coalition Government assuming power in May 2010 with significant in year grant reductions in 2010/11 and reduced funding via the Local Government Finance settlement thereafter.
- 2.4 The latest projections are that funding reductions which will impact on the Council could continue for another 5 years which will mirror the lifetime of the next Parliament. The impact of these spending reductions will mean a further reduction in Government grant funding. To illustrate this, Revenue Support Grant received by the Council in 2013/14 was £85m. It is expected to be £49m in 2015/16 and have fallen further to £32m by 2016/17. The Autumn Statement of 3rd December 2014 did not contain any information that would encourage a more optimistic outlook.
- 2.5 The Government continues to deliver the National Coalition Agreement set out in May 2010. This has resulted in major changes to the role of, and arrangements for, Local Authorities. The Council has responded as a Co-operative Council putting residents at the centre of decisions and proposals. Key changes in the national policy landscape are outlined below and include:
 - **Public Service Reform**

Greater Manchester was one of four areas nationally to pilot Community Budgets. The pilot has focused on developing new investment and delivery models across public services in order to promote growth and productivity whilst reducing dependency driven demand. The key focus for this work is on prevention and supporting residents to be more independent and resilient enabling better outcomes for them and reducing the need for high-cost, reactive public services.
 - **Changes to role and duties of local government**

These changes have included responsibility for Public Health transferring back to local authorities as well as delegation of a range of functions including administration of the Council Tax Reduction Scheme and parts of the Social Fund. Further services and functions are expected to transfer from April 2015.

The Localism Act 2011 contained a range of opportunities for communities including the Community Right to both buy and take over community assets, as well as challenge how the Council runs certain services. The Act also gives communities the right to veto “excessive” council tax rises, in line with the annually set Government criteria for excessiveness.

De-centralisation is a key feature of the Government’s open public services policy. It aims to free up public bodies to deliver services differently and innovatively to balance the pressures of demand and reducing budgets. This provides the freedom to pursue an innovative public service reform agenda and is completely consistent with the Council’s transformation agenda.

- **Local Government Finance**

The Local Government Finance Act 2012 included a range of changes that fundamentally altered the way Local Authorities are financed. The Act permits local authorities to retain a proportion of locally generated business rates, thus aiming to connect Council financing to the local economic position. The Act provided the framework for the localisation of support for Council Tax in England. There is a requirement to consider the Council Tax localisation scheme on an annual basis with 2015/16 being the third year of operation. Cabinet approved an amended 2015/16 scheme on 17th November 2014. There is a report elsewhere on this agenda that recommends approval of the proposed amended scheme for 2015/16. In addition, the Act introduced changes to Council Tax rules in relation to charges on empty properties and the Council has utilised these new powers to support its localised Council Tax Reduction scheme.

- **Welfare Reform**

The Welfare Reform Act 2012 introduced fundamental changes to the social security benefit system. Universal Credit (UC) is becoming the main means-tested social security benefit for people of working age, replacing Housing Benefit, Income Support, Income-Related Employment and Support Allowance (ESA), Income-based Jobseeker’s Allowance (JSA), Working Tax Credit and Child Tax Credit. UC is being phased in across the country between 2013 and 2017. However, the Council has acted as a pilot Authority for the new regime and as such is one of the first Local Authorities to phase in UC.

- **Changes to Health and Social Care**

There have been a number of significant changes to health and social care in England as follows:

- **Health and Social Care Act 2012**

The Health and Social Care Act introduced substantial changes to the way the NHS in England is organised and run.

The major changes introduced by the Act include:

- The abolition of Primary Care Trusts (PCTs) and the transfer of their commissioning functions to Clinical Commissioning Groups (CCGs), consisting of GPs and other clinicians.
- The transfer of responsibility for public health from PCTs to Local Authorities.
- The establishment of Health and Wellbeing Boards to provide a forum for key stakeholders to work together to improve the health of local populations.

▪ **Care Act 2014**

The Act introduced a cap on the costs that people will have to pay for care in their lifetime, as recommended by the Dilnot Commission on the Funding of Care and Support. The Act also pulls together threads from a number of different Acts into a single framework, taking forward most of the recommendations made by the Law Commission's review of existing care and support legislation. Part 1 of the Act aims to consolidate existing care and support legislation. It aims to refocus the law around the person not the service; strengthen rights for carers to access support, and; introduce a new adult safeguarding framework.

▪ **Better Care Fund**

The Better Care Fund (BCF) was established in 2013 and provides an opportunity to transform local services to provide better integrated care and support. Clinical Commissioning Groups (CCG's) and Local Authorities must jointly agree how the funds are spent, so it is essential to ensure the fund is developed in the interests of both parties. The financial year 2015/16 introduces some significant developments in the use of the BCF as highlighted later in the report.

3 Oldham Borough Position

- 3.1 As elsewhere in the country, the global recession directly affected our residents, and whilst the impact on Oldham was more pronounced than in some other areas there is evidence that Oldham's economy is recovering. For example, previously, Oldham had the highest unemployment rate within Greater Manchester and was significantly higher than both the regional and national averages. However, since February 2013, the unemployment rate in Oldham has started to fall at a significant rate.
- 3.2 In **August 2014** the Job Seekers Allowance Claimant Count was **3,359** (down from 8,341 in February 2013) – making Oldham the **3rd best performing** Local Authority across Greater Manchester.¹ The Youth Unemployment Rate (i.e. the proportion of 18-24 year olds claiming JSA) was **2.6%** in **August 2014** (down from 11.6% in February 2013) – making Oldham **the best performing** Local Authority across Greater Manchester.²

¹ Economic Review (Aug 2014)

² Economic Review (Aug 2014)

- 3.3 Although the figures are distorted through the introduction of Universal Credit (movement off JSA onto UC), over the last 12 months unemployment in Oldham has fallen due to; more local job opportunities, the impact of the Get Oldham Working campaign and the potential impact of tougher sanctions imposed on claimants.
- 3.4 It is, however, clear that the impact of welfare reform in Oldham is significant. Research by Sheffield Hallam University in April 2013 showed Oldham ranked **26th worst affected out of the 379** local authorities in Great Britain with the **overall annual impact of welfare reform changes being estimated at £90.1m**, once the changes are fully implemented. This equated to a loss of £637 a year per working-age adult.³
- 3.5 Oldham, as Pathfinder for Universal Credit worked together with partners to try and mitigate the effects of welfare reform on residents. Eighteen months on and the proportion of residents in receipt of out-of-work benefits is reducing. As stated above, this is likely to be a result of more local job opportunities and the impact of tougher benefit sanctions. Numbers affected by 'size criteria' (the bedroom tax) and rent arrears are reducing, but there is evidence of voids for larger homes as tenants are downsizing as a result of the 'size criteria' policy.
- 3.6 The numbers receiving benefit sanctions in Oldham is high compared to elsewhere in GM and work is underway to investigate why this is and what can be done to help.
- 3.7 The information from the 2011 Census shows that Oldham's population is growing at a greater pace than previously predicted. There is a particularly large increase in the number of young people (0-15 years old), putting pressure on school places and capacity with the resulting implications for future service delivery. In line with the national position, Oldham also has an ageing population and also many of our most vulnerable adults and young people have increasingly complex needs. The expectations of citizens are also changing, based on technological developments and greater emphasis in recent years on individual choice.
- 3.8 There is also a greater requirement across the borough to take account of wider environmental considerations, with increasing energy costs and the introduction of the carbon reduction tax places increased emphasis on the need to reduce the carbon footprint of the borough.
- 3.9 Despite the funding reductions, Oldham continues to face increased demand for many services. These include social care, housing, school admissions, advice about debt, as well as increased take up of free services such as school meals. Such pressures will therefore require extremely careful management and are a major driver in the work to develop new delivery models and investment agreements in line with the work in Greater Manchester on public service reform. As stated, this work is focused on increasing productivity and reducing dependency driven demand. The first

³ Centre for Regional Economic and Social Research, Sheffield Hallam University – April 2013

Investment Agreement signed in Oldham relates to work to tackle fuel poverty in the borough.

- 3.10 The commitment to co-operation and different ways of working also means increased working with partner organisations within Oldham. The Oldham Leadership Board is supported by three commissioning clusters: Economy and Skills, Co-operatives and Neighbourhoods; Health and Wellbeing. The clusters are responsible for setting priorities for place and planning activity to tackle the borough's challenges. Additionally, the clusters will be working together to achieve the vision of a co-operative borough.

4 Oldham Council Position

- 4.1 Oldham is well positioned to adapt and adjust to meet some of the new challenges. Since 2008, the strength of the Council has been externally validated with the Council winning the LGC's Most Improved Council award in March 2012 and receiving a highly commended in the LGC Council of the Year in 2014.

- 4.2 The Council underwent a Peer Challenge in October 2013. All Corporate Peer Challenges explore a number of guiding questions covering areas such as political and managerial leadership; financial planning and governance and decision-making arrangements. In order to tailor the peer challenge to local circumstances, Oldham requested that the Peer Challenge Team consider the Cooperative ambition of the Council and explore a number of additional questions. The Peer Challenge Team concluded that there has been: "A remarkable transformation in Oldham, both as a place and a council, in recent years and the authority can be proud of what has been achieved".

- 4.3 The Council's key achievements over the past twelve months include:

- Finding savings of £23.004m to balance the budget in 2014/15
- Being the first Local Government Body in the country to publish its 2013/14 accounts demonstrating improved financial management
- Opening the Metrolink line through the Town Centre and investment in new public realm improvements
- Oldham's primary schools achieving excellent SATs results which show them surging ahead of national averages in the basics of English and maths.
- Oldham winning a Gold Award in the 'Best City Category' of Britain in Bloom in October
- The Get Oldham Working team announcing in August that 1,200 job-related opportunities had been created, more than the target of 1,000. The aim is to create 2,015 job-related opportunities by 2015.
- The official launch in June of the Fair Employment Charter which encourages employers across Oldham to provide fair, ethical and sustainable job opportunities for their employees.

- The launch of our Co-operative Housing offer which sets out 6 priorities for housing in the borough in April
- The building of nearly 500 new homes during the year providing quality accommodation for existing residents and those relocating to Oldham.
- Oldham Council being awarded a prestigious 'Gold Food for Life Catering Mark' thanks to the high quality meals being served in schools across the borough.
- The launch this summer of a new partnership with Etsy, the online market place for handmade and vintage goods. The Craft Entrepreneurship Programme provided residents with free micro business training over a six week period, supporting potential crafts entrepreneurs to secure self-employment.
- Construction work beginning on the new £15 million leisure facility for Oldham Town centre.
- Investing £1 million to help independent businesses revitalise the Yorkshire Street area of Oldham's town centre – the Independent Quarter. In addition £100,000 is being invested in both Shaw and Lees High Streets to strengthen the local economy.
- Launching a new employment scheme - Warehouse to Wheels supporting those in warehouse work to get higher paid jobs as Large Goods Vehicle drivers.

4.4 In this challenging operating environment it continues to be essential for the Council to focus on clear priority areas. It is also important that these priority areas are about much more than managing the declining resource base. They are about continuing to invest with confidence in those areas which we know are important for the Borough and its residents and ensure the Council continues to be fit for purpose.

5 The Council's Ambition and Priorities

5.1 The Council's ambition is to establish a co-operative future for Oldham, one where citizens, partners and staff work together to improve the borough. The Council wants all members of the community to play an active part in building a co-operative borough. The Council's corporate objectives explicitly articulate this ambition, as being to ensure a productive borough with confident communities supported by a Council that work cooperatively to drive change and add value.

5.2 As an organisation, a co-operative approach provides the opportunity to find positive and sustainable solutions to the on-going financial challenges being faced. Oldham has a values-driven approach which underpins the way we do business. The Council believes in the importance of fairness and responsibility. In practice, that means maximising the positive social, economic and environmental impact that we can achieve through everything we do. From our procurement practices to our pay policy, the Council is using

its influence as a commissioner, service-provider and employer to deliver that added social value.

- 5.3 Working with communities at a neighbourhood level, we are enabling residents to take greater control over their own lives and over the services and amenities that matter most to them. Power and responsibility is being devolved, and support given to people to do more to help themselves and each other. By building greater resilience and self-reliance, the Council is enabling individuals and communities to make positive choices to change their lives and their neighbourhoods for the better – whether that means small choices that make a big difference, like putting litter in the bin instead of dropping it on the street, or making a big change, like taking control of local services.
- 5.4 In delivering the Council's ambitions and priorities it is essential that a strong identity for Oldham is established, supported by a strong identity for Districts and neighbourhoods. This includes developing the role and strengths of neighbourhoods and districts and developing their identity and role within the overall borough. It also includes a strong role for Oldham within the Greater Manchester sub-region.
- 5.5 The Council is committed to developing a different relationship with citizens, partners and staff. This means being a Council that listens, responds and engages as locally as possible and has strong civic and community leadership.
- 5.6 The Council values the dignity of work and is striving to improve the productivity of our communities. Our ambition to create 2,015 job opportunities by 2015 continues and significant reductions in our unemployment rates show that this hard work is paying off. Worklessness, in particular the number of young people who are not in education, employment or training is a serious concern. It drives social exclusion as well as having a negative impact on the productivity of the borough and its communities. Regenerating our borough remains a key priority and is central to our future prosperity.
- 5.7 The Council has developed an exciting portfolio of opportunities demonstrating that Oldham is open for business by using resources to attract and secure significant additional investment. Progress on our regeneration programme continues with, amongst other initiatives, work beginning on turning the Old Town Hall into an 800-seater ODEON cinema and the building of the Town Centre's new £15m flagship leisure centre. There is an ambition to further extend the regeneration of the town centre and in particular a vision for its Eastern Gateway based around a residential neighbourhood of 800 homes, together with a major new retail development to bolster Oldham's retail offer.
- 5.8 Transformational approaches to delivery of services that work in partnership with citizens are essential. The Council must significantly reconfigure its business and organisational arrangements over the next few years in order to continue to provide value for public money services. The financial challenges

faced mean the Council's response must be more ambitious than simply applying percentage reductions across services.

- 5.9 As a Cooperative Council services are being re-designed and innovative commissioning models developed to ensure that all our services, whether delivered in-house or with partners, provide excellent and improving value for public money, achieving the maximum impact for Oldham and its people for every £ spent. The Council will be organised in a way that enables it to meet the challenges from Central Government whilst also delivering the Administration's priorities.
- 5.10 The need to reduce cost and make savings will be a key driver for the foreseeable future. Therefore, financial prudence is essential. Significant budget savings have been delivered, a total of £141m has been removed from the budget over the period 2009/10 to 2014/15. A robust approach to managing the budget means we are one of a limited number of authorities in the country who have identified budget options for 2015/16 before the end of the calendar year 2014 as set out in the following sections of the report. However, the challenge going forward cannot be underestimated. The current savings targets for 2015/16 and 2016/17 will bring total budget reductions over the period 2009/10 to 2016/17 to £201m. As highlighted earlier, savings targets for future years will continue to be high and savings opportunities more difficult to identify.

6 Financial Position

- 6.1 Over the past few months the Council has aimed to increase public awareness of the financial challenge that it faces for 2015/16 and 2016/17. Members will recall that at the 5th March 2014 Budget Council, the Medium Term Financial Strategy (MTFS) outlined the two year budget process and in particular the anticipated budget gap of a headline £60m. This was comprised of a calculated budget gap of £35.229m for 2015/16 and £25.096m for 2016/17.
- 6.2 In order to improve transparency and enhance early engagement with the public, partners and trades unions, an early start was made on budget consultation. Formal budget consultation began with a presentation to PVFM on 31st July 2014 which outlined the targets and the general areas for a savings review. A budget video is available on the Council's website which aims to outline the headline budget issues and public consultation has been taking place on specific budget options as appropriate. This video can be accessed at <http://www.oldham.gov.uk/letstalkbudget> and has been well received with over 22,900 viewings.
- 6.3 All the budget information that is available aims to explain in general terms, how the savings requirement for each of the two years has been determined in a manner suitable for the target audience. The aim of this report is to provide further detailed explanation about the budget position for 2015/16 and 2016/17 including how the budget gap has been calculated, key issues that have been considered and how the gap has been addressed.

- 6.4 The starting position in undertaking a budget review is to consider the likely level of Government grant funding, other funding opportunities including Council Tax and Business Rates and then to consider any funding pressures. As explained previously, the austerity measures introduced by the Government have significantly reduced the level of grant funding available and, using all the most up to date information, the March Budget Council meeting received the MTFS report which outlined the £60m challenge.
- 6.5 Table 1 below, shows how the £60m budget gap was calculated initially leading to an estimated net revenue budget of £190.245m for 2015/16 and £171.790 for 2016/17. All spending areas and funding sources included in the table have been the subject of on-going review to ensure that the pressures/issues remain within the estimated levels. Whilst there have been some fluctuations in detail, the overarching position remains unchanged at the present time.
- 6.6 This report sets out proposals which could, if approved, address the calculated gap for 2015/16, and advises of progress in addressing the remaining 2016/17 budget gap.

Table 1 Previously Reported 2015/16 and 2016/17 Budget Gap

	2015/16 £m	2016/17 £m
Net Revenue Budget as per 5th March Budget Report	215.532	190.245
<u>Expenditure Pressures:</u>		
Pensions	0.265	0.263
Pay Award	0.899	0.908
Inflation	2.847	2.915
Investment Fund	4.953	1.055
Demand Pressures	2.000	0.000
Business Plan Pressures	0.000	1.500
Reduction for Local Welfare Provision Grant Loss	(1.022)	0.000
Total Expenditure	225.474	196.886
<u>This is funded by:</u>		
Business Rates Top Up	(30.237)	(30.842)
Revenue Support Grant	(49.227)	(32.037)
Housing Benefit and Council Tax Administration	(1.670)	(1.503)
Council Tax Freeze Grant	(1.748)	(2.622)
Central Education Support Grant	(3.183)	(2.387)
New Homes Bonus	(2.651)	(1.935)
Lead Local Flood Authorities	(0.026)	(0.023)
Settlement Funding Adjustment	(0.613)	0.000
Local Reform and Community Voices	(0.203)	0.000
Total Government Grant Funding	(89.558)	(71.349)
Retained Business Rates	(28.210)	(27.964)
Council Tax Income	(72.477)	(72.477)
Revised Budget Funding	(190.245)	(171.790)
Net Gap/savings Requirement	35.229	25.096

7 2014/15 Budget Position

- 7.1 In considering the budget for future financial years, it is first necessary to consider if there have been any changes to the base budget of the Council in the current year that will impact on future years. Since the 2014/15 budget report was presented to Council, there have been a number of further funding allocations and amendments. These are detailed in the table below. It should be noted that these are all one off funding adjustments for the purposes of setting the base budget for 2015/16 and this does not therefore impact on the budget gap previously considered.

Table 2 2014/15 Revised Budget

2014/15 Revised Budget Position	£m	£m
Net Revenue Budget as at 5 th March Report		215.532
One Off Adjustments – Grant Income		
- Care Bill Implementation New Burdens Grant	0.125	
- SEN Adoption and Reform Grant	0.600	
- Multiplier Cap	0.613	
- Empty property Relief	0.002	
- Long Term Empty Property Relief	0.020	
- Retail Relief	0.509	
- Small Business Rate Relief	1.328	
- Severe Weather Fund	0.513	
	3.710	
Amendments to existing allocations 2014/15		
- Central Education Support Grant Reduction	(0.139)	
Technical Accounting Adjustment 2014/15 only		
- Capital Grants	1.009	
		4.580
Total Revised Net Revenue Budget 2014/15		220.112

7.2 Table 2 therefore outlines that the 2014/15 budget has increased by a net £4.580m as a result of £3.710m additional one off grant funding, a reduction of Central Education Support Grant of £139k and the inclusion of a technical accounting adjustment for capital grants of £1.009m. However, as advised, the one off nature of these grants and budget amendments means that they do no impact on the base budget position for 2015/16.

8 2015/16 and 2016/17 Budget Position

8.1 Members are advised that the approach to the determination of savings proposals has followed a tried and tested methodology which has been established for a number of years. Once again, a detailed review of proposals has been undertaken using the Star Chamber process with budget review meetings chaired by the Leader of the Council with support from Cabinet Members and Senior Officers.

8.2 Officers have initially put forward proposals using a thematic approach. Four theme groups were created, each being led by an Executive Director. The themes were:-

- Improved economy by stimulating growth and increasing productivity
- Independent self-reliant and resilient communities
- People safe, active and healthy in their homes and communities
- Effective democratic accountability supported by strong corporate governance

- 8.3 Options have then been presented to and discussed with the relevant Portfolio Holder, prior to being submitted to Star Chamber and Member comments have been included within the proposal documentation.
- 8.4 Officers from a wide range of services have been part of a “Co-operative Transformation Group” (CTG) which has been chaired by the Borough Treasurer and more recently a joint chair by the Assistant Executive Director People Services and Assistant Executive Director - Adults and Commissioning Services. The purpose of the group has been to:
- Assess the plans and proposals to identify interdependencies
 - Review resourcing, challenge the deliverables
 - Review and recommend final documents and options to take to Star Chamber
 - Consider the impact of the proposals on the Communication Strategy, Stakeholder Plan and Risk Register
- 8.5 This process has been aimed at ensuring that the savings being considered by Members are robust and achievable. This therefore minimizes the financial risk to the Council going forward and increases confidence in the thoroughness of the budget process.
- 8.6 As advised above, during 2014, work has been undertaken to prepare budget proposals for Members consideration. By 31st July, excellent progress had been made across both financial years so that there were sufficient savings proposals to bridge all but £1.663m of the budget gap for 2015/16 and £14.173m for 2016/17. Work then continued to address the remaining gaps for both years and by early September it was thought that there were sufficient proposals to balance 2015/16 and leave £15.178m to be addressed for 2016/17. However on 9th September the Council received information advising of the allocation of public health grant for 2015/16. The Government notification advised that the grant would remain at £14.915m, the level for 2014/15. One of the savings proposals however had relied upon the increased availability of this grant in the sum of £1.491m and this therefore meant that additional proposals were required.
- 8.7 Also during 2014 there has been a review of other budget issues that it was expected would impact on 2015/16 and 2016/17. Clearly since the initial budget gap was calculated, there have been changes to the overall budget position. There has been an adjustment to the assumptions around the receipt of New Homes Bonus grant with a grant reduction of £492k now anticipated. In addition, as a result of information released by the Department for Education, the level of Education Services Grant expected has also been reassessed at £162k lower than previously expected for 2015/16.
- 8.8 A number of other local budget pressures have emerged which have changed assumptions in the MTFS. These have arisen due to changes in service demand and as a consequence of a review of the on-going 2014/15 budget position as reported to Cabinet in the financial monitoring reports.

- 8.9 When the initial budget gap for 2015/16 was calculated, it anticipated that pressures would arise and therefore a £2m provision was included within the budget. The new pressures and funding losses have been off set against the available budget leaving £552k remaining. This sum of £552k has been utilised as a savings proposal (Ref.D063), together with other proposals to balance the final £1.491m gap in 2015/16 as follows:

Table 3 Final Proposals to Close the 2015/16 Budget Gap

Budget Proposal	£m
Increased target for the review of non-pay budgets (D057)	0.153
Increased Dividend from the Manchester Airports Group (D060)	0.500
Increased capital financing savings (D062)	0.286
Use of the Demand Pressures Budget (D063)	0.552
TOTAL	1.491

- 8.10 Whilst there are sufficient proposals to balance the 2015/16 if all are approved, work to address the gap for 2016/17 continues. At present, net savings of £9.398m have been proposed leaving a target saving of £15.698m. However, given that there is 18 months to go before the start of 2016/17, this must be considered as excellent progress and provides a firm base from which to continue the budget review exercise.
- 8.11 One of the key features of the examination of the budget proposals has been the Red, Amber, and Green (RAG) ranking of savings around the level of confidence in achievement. As proposals have become firmer with more work having taken place to draw up implementation plans, the number and value of Red rated proposals (higher risk) in terms of achievability has reduced. At the time of preparing this report, there is only one that remains in the red category, namely, Children's Services Redesign (Ref. C045) at a value of £1.261m in 2015/16. This rating is primarily due to the budget pressure in this service area which has been addressed on a one off basis in 2014/15 as reported in the month 7 monitoring report, which is an agenda item for the Cabinet meeting of 15th December 2014. The position in relation to this proposal will therefore be closely monitored.
- 8.12 Table 4 sets out the revised budget position for 2015/16 and 2016/17 having taken account of known and anticipated changes in funding and also the budget proposals should they be approved. This therefore shows a balanced position for 2015/16 and that detailed savings of £15.698m are yet to be finalised for 2016/17.

Table 4 Current Budget Position

	2015/16 £m	2016/17 £m
Prior Year Net Revenue Budget	220.112	192.277
One off adjustments	(4.580)	-
Base Budget	215.532	192.277
<u>Expenditure Pressures</u>		
- Pensions	0.265	0.263
- Pay Award	0.899	0.908
- Inflation	2.847	2.914
- Investment Fund	4.953	1.055
- Demand Pressures	1.345	-
- Business Plan Pressures	0.000	1.500
- Reduction for Local Welfare Provision Grant Loss	(1.022)	-
<u>Savings Proposals</u>		
- Savings through Transformation Proposals	(32.542)	(7.798)
Total Expenditure	192.277	191.119
<u>Funded by:</u>		
- Business Rates Top Up	(30.237)	(30.842)
- Revenue Support Grant	(49.227)	(32.037)
- Housing Benefit and Council Tax Administration	(1.668)	(1.503)
- Council Tax Freeze Grant	(1.748)	(2.622)
- Central Education Support Grant	(3.021)	(2.222)
- New Homes Bonus	(2.160)	(1.444)
- Lead Local Flood Authorities	(0.026)	(0.023)
- Settlement Funding Adjustment	(0.613)	-
- Local Reform and Community Voices	(0.203)	-
- Business Rate Reliefs	-	(0.531)
Total Government Grant Funding	(88.903)	(71.224)
- Retained Business Rates	(28.210)	(29.620)
- Council Tax Income	(72.477)	(72.977)
<u>Savings Proposals:</u>		
- Income through Transformation Proposals	(2.687)	(1.600)
Revised Budget Funding	(192.277)	(175.421)
Net Gap/Savings Requirement (when all proposals are approved)	0.000	15.698

- 8.13 In table 4, the proposals to address the funding gap have been split between those which reduce the net revenue expenditure of the Council and those which increase the funding available. For clarity, the following table summarises the position.

Table 5 Addressing the Budget Gap

	2015/16 £m	2016/17 £m
Funding Gap	35.229	25.096
Savings through Transformation	(32.542)	(7.798)
Income through Transformation	(2.687)	(1.600)
Total	0	15.698

- 8.14 Budget proposals were presented on the 13th November to the PVFM Select Committee for scrutiny. Whilst being content with most proposals, the Committee requested further information and clarity be provided at its next meeting in relation to two proposals, B035 Redesigning Services for Children, Young People and their Families (0-19 offer) and C045 Children's Services Redesign. The Committee also requested that Cabinet give further consideration to proposal D019 Legal and Democratic – Registrar Service.
- 8.15 The proposals were then presented to the Cabinet meeting on 8th December 2014 so that it could make recommendations to Council. As three budget proposals totalling £7.758m for 2015/16, C045 (Children's Services Redesign £1.261m), C046 (Adult Social Services Redesign £6.197m) and D040 (Review District Arrangements £300k) had not completed their public consultation exercises, it was not possible to recommend these for approval, however, the balance £27.471m were recommended for approval.
- 8.16 It is important to note that the consultation is still in progress and therefore Council is asked to note the three proposals referred to at paragraph 8.15 at this time. They can be considered again at the PVFM meeting in January when the results of the completed consultation can be reviewed.
- 8.17 Attached at Appendix 1 is the consolidated list of budget proposals highlighting how the 2015/16 budget could be balanced if all proposals were agreed, including a staffing reduction of 121.1 FTE posts. It should however be noted that this figure differs from the 117.1 FTE figure included on the S188 notice issued to Trade Unions on 2nd October to mark the beginning of the staff consultation process. Proposal D052 Organisational Redesign Phase 1 relating to a change to the senior management structure of the Council with an FTE count of 4, ran to a different consultation timescale that ended on 15th September 2015. The S188 staff consultation period in relation to the 117.1 posts expired on 1st December.
- 8.18 Appendix 2 summarises the savings proposals for approval by Council totalling £27.471m. Detailed options using a pro forma presentation for each of these items are included at Appendix 3. There are two styles of pro forma:

- a) A more detailed pro forma for those proposals considered to have implications for staff or service users and relate to the transformation agenda and set out impact information on expected outcomes, the workforce, communities and the organisation
- b) A shorter pro forma for those proposals with limited implications for staff or service users and are primarily related to income and non-pay related budgets

8.19 Appendix 1 also summarises proposals which require detailed Equality Impact Assessments (EIAs) to be carried out prior to any decision being made. The consultation on the proposals identified in Appendix 2 will be completed at the time of this Council meeting and EIAs for these proposals are presented at Appendix 4.

8.20 There are three options as outlined at paragraph 8.15 which have elements that are still within a live consultation period. These options are summarised in Appendix 5, with Appendix 6 providing these detailed options. At this stage Council is asked to note these proposals as full consultation on these proposals is not anticipated to be completed until mid- January 2015. As the consultation exercise is still progressing, the draft EIAs for these three options are presented in Appendix 7 and contain the best information available at the time of the publication of the Council report.

8.21 The next stage in the budget process is to work towards finalising savings for 2016/17 based on the existing planning totals. As a first step it is proposed to distribute targets to the thematic groups on a pro rata basis and challenge the groups to prepare suitable options for consideration. These targets are detailed in the following table. Clearly there is still a lot of work to do but it is also evident that good progress has been made so far and the established working arrangements are successful.

Table 6 Proposed 2016/17 Savings Targets for Theme Groups

Theme	Savings Target £m
Improved economy by stimulating growth and increasing productivity	2.262
Independent, self-reliant and resilient communities	2.247
People safe, active and healthy in their homes and communities	8.473
Effective democratic accountability supported by strong corporate governance	2.716
Total	15.698

8.22 It is proposed that for the detailed examination and review of the finalised 2016/17 budget proposals will be changed so that work is undertaken around the commissioning clusters to ensure the aligning of priorities and delivery mechanisms and reflects the emphasis of the Oldham Plan, the blue print for the borough and also the Corporate Plan both of which are currently being refreshed. The commissioning clusters are:

- Economy and Skills

- Health and Wellbeing
- Co-operatives and Neighbourhoods

8.23 These Clusters are the delivery vehicles for partnership working and represent a new way of working and an opportunity for innovation and develop radically different ways of using resources to deliver shared outcomes. The Council is also restructuring under the cluster themes. This will assist in providing opportunities to strengthen the Council's approach to business planning to support delivery of key outcomes and also embed the recently launched Values and Behaviours. The Oldham and Corporate Plans will be approved in February 2015 to both inform and underpin planning and delivery for the next financial year and beyond.

8.24 The full savings proposals for 2016/17 will be considered via the Star Chamber process and brought forward for detailed review and scrutiny during 2015/16.

9.0 Local Government Finance Settlement and New Responsibilities

9.1 The 2015/16 budget can only be finalised when information in relation to the Local Government Finance Settlement is available, the Council Tax and Business Rates taxbases have been set, levy information received and other funding notifications received from Central Government. The Settlement is not likely to be received until mid-December and this could have a significant impact either positively or negatively on the final position of the Council. The Autumn Statement of 3rd December gave little detail upon which to make any adjustments to existing assumptions about funding that may be available for 2015/16. At this stage, all overall assumptions remain unchanged. Further work will therefore be required before the updated budget report can be prepared for further consideration by the PVFM Select Committee, Cabinet and Council for the January and February meetings. Action will therefore be required should the financial position post Settlement be better or worse than currently expected.

9.2 There have already been some consultation papers and Ministerial announcements that give an indication of new duties that the Council will become responsible for and possible funding that will be made available and these are set out as follows:

a) Care Act 2014 Duties and Responsibilities

The Department of Health issued a consultation paper on funding formulae for implementation of the Care Act in 2015/16 (closing date for comments was October 9th 2014). The Care Act 2014 places many new duties on Local Authorities and the consultation sought views from stakeholders on options for distributing funding to Local Authorities for three specific new duties:

- Additional assessments for the cap on individuals' lifetime eligible care costs (paid as a DCLG unring-fenced revenue grant).

The cap will come into force in April 2016 and will be set at £72k for people of state pension age and older. Anyone with an eligible care need will be able to register with their Local Authority for a care account

to record their progress towards the cap. As a result Local Authorities will need to carry out additional assessments to enable those meeting the cost of their own care to record progress towards the cap. Nationally, funding of £175m was initially announced as being made available to support such costs and the Government put forward two funding formula options as follows:

Option 1 – the extrapolation approach which allocated £627k

Option 2 – the epidemiology approach which allocated £578k

At this point the exact allocation can only be estimated. During late October the Government issued revised national funding figures. These national funding revisions will impact on the proposed allocations above. The actual allocation for the Council should be received with the Local Government Finance Settlement.

- ii) Universal deferred payment agreements (to be paid as a DCLG unring-fenced revenue grant).

From April 2015 the Council will have a new duty to offer a 'loan' towards the cost of care where certain criteria are met. This will mean that people should not be forced to sell their own homes in their lifetime to pay for care. By agreeing to a deferred payment with their Local Authorities, cost of care and support can be deferred or delayed until a later date offering a more flexible solution for the funding of care.

The Council already offers a limited deferred payment scheme. The new requirements are more extensive.

In order to provide funding, the Government has prepared an allocation formula that predicts the relative need for each Council to provide deferred payments. A revised sum of £83.5m is available nationally for this funding. There are two methods proposed to allocate this funding:

Option 1 - allocates resources based on the Governments allocation formula.

Option 2 – uses information which was requested as part of the consultation on existing deferred payment arrangements. No assessment can therefore be made of the likely allocation as at this time as there is no information on other Council schemes

- iii) Social care in prisons (to be paid as a Department of Health unring-fenced revenue grant)

As there are no prisons in Oldham, the Council will not receive a funding allocation.

- b) Health Visitor Transition

The Council will take responsibility for the commissioning of 0-5 health visitor services and services linked to an all age early help offer when

the functions transfer from NHS England on 1st October 2015. The service contract is currently with Pennine Care NHS Trust. There are no staff TUPE implications although over 70 FTE are employed. Early indications are that the contract value will be £4m per annum and in addition, the Council will receive some additional compensation (not expected to be significant) to take on this extra work. At this stage therefore, a fund transfer of £2m might be expected in 2015/16 thus impacting on the overall funds that the Council manages.

c) Care Act Implementation Funding in the Better Care Fund

The Department of Health has issued a ready reckoner for Councils to initially assess the level of funding they will receive for Care Act responsibilities covering such issues as personalisation, the provision of support for carers, information advice and support, independent mental health advocacy and the impact of DWP policies on Councils/providers. Nationally, approximately £104.6m has been allocated to fund this additional burden. It is also understood that this funding will be allocated to the Council via the Better Care Fund, and initial plans developed with the CCG reflect this. This allocation should be announced with the Local Government Finance Settlement.

d) Independent Living Fund (ILF)

The ILF fund in its current format will close at the end of June 2015 and its functions will be transferred to Local Authorities. The level of income from the fund currently stands at around £2.8m but the full implications are yet to be determined, as the Government is still considering the resources to be transferred. It is expected that the funding would match expenditure, however early indications show this may not be the case and there may be an additional financial burden which dependent on policy, the Council may wish to finance.

9.3 Direct Government funding is anticipated to finance new responsibilities by means of unring-fenced grant. However, it is suggested that these funding allocations be locally ring-fenced to finance the expected additional costs as follows:

- a) Additional assessments for the cap on individuals' lifetime eligible care costs – allocation to be confirmed
- b) Universal deferred payment agreements - allocation to be confirmed
- c) Health visitor transition costs anticipated at £2m rising to a total of £4m by 2016/17 to be ring fenced to early years and all age early help services. This broader categorisation gives some potential flexibility once we are able to review the transferred service in some detail
- d) Grant allocations for the ILF possibly £2.8m, but the sum is not yet known.

- 9.4 These new responsibilities will impact on the presentation of the net revenue budget and how it is funded but until the formal notification of grants has been received it has been thought prudent to exclude them from the calculations.

Business Rates Pooling

- 9.5 Members will be aware that as a result of the change to the Business Rates regime, it is possible for a group of Councils to form a business rates pool. The purpose of pooling business rates across the individual authorities is not intended to alter individual authorities income levels but to retain any levy that might be payable by certain members of the pool. Any sum gained would be retained by the pool.
- 9.6 Councils in Greater Manchester have considered this in both 2013/14 and 2014/15 but the matter was not pursued as it was not considered to be a viable proposal given the volatility around business rates income especially with regard to the position on business rates appeals.
- 9.6 After a review of the anticipated business rates position for 2015/16, an application for the pooling of business rates has been submitted to the Department of Communities and Local Government on behalf of the Greater Manchester Council's and Cheshire East. Discussions on this proposal remain ongoing between the Authorities but it is anticipated that Manchester will administer the pool and any proceeds will be retained for investment within Greater Manchester and other non Greater Manchester Councils.
- 9.7 A key requirement is that each Authority will need to make a decision on whether it wishes to be part of the pool within 28 days of the issue of the Provisional Local Government Finance Settlement. The Settlement could have an impact of the financial position of each Council thus making pooling not economic. At this time it is expected that the Settlement will be announced in the week beginning 15 December 2014. As a decision would not fit within the Cabinet reporting timeframe, it is recommended that the decision on whether Oldham Council should be part of the pooling arrangement be delegated to the Cabinet Member for Corporate Support, Finance and HR in consultation with the Executive Director, Corporate and Commercial Services and the Interim Borough Treasurer.

10 Budget Setting Timetable

- 10.1 Although Oldham Council is well advanced in preparing its 2015/16 revenue budget, clearly much depends on key financial information yet to be received from Central Government. The budget setting timetable, whilst framed by the statutory requirements is working towards a budget Council meeting where all financial decisions are made on the 25th February 2015. Table 7 below details the timelines for the 2015/16 budget approval process and shows the items that will be prepared for consideration at each of the meetings.

Table 7 Budget Setting Timetable

Date	Body/Issue	Items
Mid/late December Early January	Central Government and Government Departments	Notification of the Local Government Finance Settlement
12/01/2015	Consultation on remaining proposals ends	Three budget proposals (C045, D040 and C046)
22/01/2015	PVFM	Scrutiny of 2015/16 budget report and any amendments to the proposals and budget gap for recommendation to Cabinet . *
26/01/2015	Cabinet	Setting of Council Tax and Business Rates Taxbases
03/02/2015	PVFM	Scrutiny of the Opposition Budget proposals
16/02/2015	Cabinet	Recommendation to Cabinet of final budget report *
25/02/2015	Budget Council Meeting	Amendments to any proposals and budget gap if any late changes and approval of final Council budget setting report *

* These meetings will also consider reports on the Medium Term Financial Strategy, Capital Programme and Capital Strategy, Treasury Management Strategy and Housing Revenue Account budget.

11 Options/Alternatives

- 11.1 Council can approve proposals totalling £27.471m and note proposals of £7.758m. Alternatively, it could chose not to approve some proposals and request further work is undertaken to identify alternative proposals to present to Council on 25th February 2015.

12 Preferred Option

- 12.1 The preferred option is that Council approves savings proposals to a value of £27.471m and notes proposals of £7.758m.

13 Consultation

- 13.1 Since 1st August 2014 the Council has been consulting the public about its budget challenge and about how we can work together to meet that challenge.
- 13.2 The Council commissioned a short video which outlined our financial position and our co-operative approach. The video then asks residents to get involved in an online discussion about how the Council should spend its budget and invites them to offer their money saving ideas. The video has been promoted via social media, on the Council's website, through district networks and partners including Oldham Housing Information Partnership and Voluntary Action Oldham, through the local media (both print and broadcast), via the Contact Centre call lines, and has currently had over 22,900 views. It has received almost 90 direct replies or comments on Twitter and the hashtag #Letstalkbudget has been used 2,113 times. We've also had more than 1,200 engagements (comments, shares and likes) on Facebook.
- 13.3 To ensure we did not exclude residents who do not use digital channels we also included budget messaging in two editions of our resident newsletter, Borough Life, and in a two page feature in the Oldham Evening Chronicle on two occasions. Both of these offered a tear-off reply slip asking for feedback and ideas. In addition, the budget information was produced in a print summary, which was distributed through the district networks and handed out during public events. It was also placed in key council locations, including Access Oldham and Libraries.
- 13.4 During this time we have also been talking to Council Staff about our budget challenge and asking them to share their money saving ideas through an intranet forum.
- 13.5 The most recent information shows that we have received 127 budget ideas and suggestions across social media, the online discussion forum, by post and from staff through our intranet. Wherever, possible we have responded directly to comments and suggestions offering further information about Council spend and services. Appendix 8 summarises the key consultation comments received so far.
- 13.6 Alongside the Council's public consultation around the '£60 Million Budget Challenge', there has been specific consultation around the savings proposals in Adult and Children's Services and Public Health. Where appropriate the feedback received to date has been reflected in the EIAs. The website information around the proposals included a link to certain overarching questions for consideration and a 'mailbox' for additional comment. We also held a number of public consultation meetings to specifically discuss proposed changes to adults and children services and public health. These were promoted in council buildings, online, on social media and in the local press. There was also consultation around specific proposals with affected groups including staff and service users for example, proposals around short break provision for children with disabilities (and consultation is still on-going in this area). There has also been consultation with key partners including the

Clinical Commissioning Group, provider organisations and the Voluntary and Community Sector (VCS).

13.7 In respect of public and user/carer consultation the Council's aim of reducing dependence on statutory services has been a factor particularly in instances where service users are more vulnerable. Some people can see the value in an expanded role for neighbours and communities whereas others feel that reliability and continuity may be difficult to achieve.

13.8 Voluntary Sector partners have been actively involved in the work around developing the 'early help offer' alongside the budget savings proposals and there is keen local interest in an expanded role in delivery for the VCS. There is a fear that smaller organisations might be denied opportunities if many of our commissioning proposals are large scale.

14 Financial Implications

14.1 Dealt with in full in this report.

15 Legal Services Comments

15.1 The Council has a legal obligation to pass a resolution to approve its budget and Council Tax resolutions by March 10 2015. Appropriate statutory consultation is taking place in respect of the proposals

16 Co-operative Agenda

16.1 The Council will ensure that its budget setting process addresses the repositioning of the Council as a Co-operative Council linking to Oldham's ambition for a Co-operative Future.

17 Human Resources Comments

17.1 High level union and staff engagement commenced as early as 23rd July with those options released by Star Chamber in June in order to start giving an indication of where savings may be required and the Council's initial thoughts. Those options released by Star Chamber in July and September were shared at the end of September.

17.2 The S188 document starting formal consultation on these proposals was issued to the recognized trade unions on the 2nd October 2014 and started the minimum 45-day consultation process. Consultation ended on 1st December in order to allow full consideration of any comments or alternatives submitted by unions or staff to be considered in advance of, and where relevant presented to, Cabinet and Council for final approval. The S188 document shows a potential 117.1 FTE job losses.

17.3 The cross cutting proposal which affects the corporate management of the Council is outside of the Section 188 timeline as consultation had already commenced earlier in the summer and are therefore non Section 188 related. This proposal evidenced a reduction of 4 posts.

17.4 Consultation with staff and unions has commenced where detailed proposals for new structures have been developed and there is staffing impact. However proper and meaningful consultation will have to be exhausted in advance of the approval and subsequent implementation of any new arrangements. Of the proposals being submitted for approval, in limited cases, staff and trade union consultation will not be completed by the dates of Council, and as such, any decision made would be subject to the outcome of this consultation. No decision will be implemented until after completion of consultation and consideration of any feedback. In the event that the outcome of consultation changes any option, this would then be re-referred to a future meeting for final decision. Whilst this is not an ideal situation it is considered that it allows for the timely implementation where the proposal remains unchanged by the consultation process whilst ensuring that there is real opportunity and authority for a decision to be re considered and amended accordingly where this is not the case.

17.5 People Services and the HR Advisory Service will continue to work with the Directorates to ensure that the proper process is followed and that the staff and unions have the opportunity to influence the outcome. (Sally Blackman)

18 IT Implications

18.1 Many of the budget proposals require the more efficient use of existing computerised systems. Any costs associated with any improvements to systems have been factored into the net budget savings put forward.

19 Property Implications

19.1 Any impacts on asset management have been factored into the proposals identified or will be dealt with as part of the previously approved asset management strategy.

20 Procurement Implications

20.1 Any proposals that impact on the procurement of goods, services etc. will be undertaken in full liaison with the Procurement Service and in compliance with all necessary Council and statutory requirements.

21 Environmental and Health & Safety Implications

21.1 Environmental and Health and Safety implications will be taken into account when dealing with the individual proposals as appropriate.

22 Equality, community cohesion and crime implications

22.1 In taking financial decisions the Council must demonstrate that it has given "due regard" to the need to eliminate discrimination, promote equality of opportunity and promote good relations between different groups.

22.2 Demonstrating that “due regard” has been given involves:

- assessing the potential equality impacts of proposed decisions at an appropriate stage in the decision making process - so that it informs the development of policy and is considered **before** a decision is taken;
- ensuring that decision makers are aware of the equality duties and any potential equality issues when making decisions.

NB – having due regard does not mean the Council cannot make decisions which have the potential to impact disproportionately, it means that we must be clear where this is the case, and must be able to demonstrate that we have consulted, understood and mitigated the impact, where possible.

22.3 To ensure that the process of impact assessment is robust, it needs to:

- Be specific to each individual proposal;
- Be clear about the purpose of the proposal;
- Consider available evidence;
- Include consultation and involvement with those affected by the decision, where appropriate;
- Consider proposals for mitigating any negative impact on particular groups;
- Set out arrangements for monitoring the actual impact of the proposal.

22.4 The Equality Act 2010 extends the public sector equality duties to cover eight protected characteristics, namely:

- age,
- disability,
- gender,
- gender reassignment,
- pregnancy and maternity,
- race,
- religion and belief and
- sexual orientation.

22.5 In December 2010, the Government announced that it would not be taking forward the socio-economic duty for public bodies. Despite this we have continued to consider people on low incomes as part of our equality impact assessment process.

Oldham’s approach to assessing the impact

22.6 Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities

can show 'due regard'. Equality Impact Assessments (EIAs), therefore, provide a structured framework which enables the Council to ensure that it considers the equality impact of decisions, and to demonstrate to others that it has done so.

- 22.7 Oldham's EIA form is based on the experience of previous years and incorporates elements from good practice elsewhere. The main aims of our current EIA are to:
- strengthen the process through improved accountability – identifying a lead officer for each EIA;
 - stimulate a more rigorous and overt analysis of the impact and possible mitigations;
 - implement a stronger equality monitoring and management process to ensure that we follow through on what we said we would do. This includes identifying risks to implementation and how these will be managed.
- 22.8 Where they are available, draft EIAs are included for consideration by the PVFM Select Committee. This early release of the draft EIAs gives the Select Committee the opportunity to consider the potential impact of the proposals when carrying out its deliberations.
- 22.9 Public consultation finished on 16 November, although where necessary specific consultation with users has continued. No EIA is complete until consultation has closed. Following close of consultation the EIAs are finalised using the information and feedback from consultation. These are available to Cabinet and Council.
- 22.10 The equality impact assessment process undertaken for the Council's budget process involves:
- An initial equality impact screening – The budget proposal action plan forms completed by each Assistant Executive Director (AED)/ Service Manager incorporate an initial equality screening to identify whether any proposal has the potential for significant disproportionate adverse impact in respect of any protected characteristic i.e. whether the impact of the proposal falls disproportionately on any particular group – such as people with a disability.
 - The initial screenings are then independently reviewed by a small group with knowledge of the equality legislation, comprising the Cabinet Member for Adult Social Care and Public Health, the Assistant Executive Director for Adults and Commissioning, a senior officer from the Neighbourhoods directorate, and a lawyer from the Legal Services team.

22.11 The key aims of this review process are to:

- assess the potential equality impact of each proposal using the information provided.
- provide challenge to those where the Group feel the initial screening does not accurately identify those equality groups potentially affected and that a further screening process needs to be completed.

22.12 An equality impact assessment is carried out if the initial screening identifies that the proposal could have a potential significant, disproportionate adverse equality impact.

Involving elected members

22.13 A key element to assessing the equality impact has been the involvement of elected members. This involvement has included:

- Cabinet Member for Adult Social Care and Public Health sits on the Equality Challenge Group.
- Consideration of equality impact throughout the Star Chamber process, including through the initial screenings on the proposal forms and a briefing paper.
- Briefings between Executive Directors and Cabinet Members during development of proposals and working together to consider the equality impacts and identify any mitigating actions.
- Both the EIA screening information contained with the budget proposals and the EIA forms themselves, where available, are submitted to, and considered by the PVFM Panel NB: The EIA forms are still in draft at this stage;
- Final EIAs are made available to Members alongside the budget proposals in the Council papers.

22.14 The Council in adhering to the legal requirements is completing EIAs and progress will be reported on these throughout the budget preparation as it was last year. (Jenni Barker)

23 Equality Impact Assessment Completed

23.1 An equality impact assessment is carried out if the initial screening identifies that the proposal could have a potential significant, disproportionate adverse equality impact.

23.2 EIAs can only be regarded as complete once consultation has closed.

24 Key Decision

24.1 N/A

25 Forward Plan Reference

25.1 N/A

26 Background Papers

26.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref & Name of File: Cabinet Budget Report December 2014
Records held in Level 13,
Finance Department,
Civic Centre,
West Street,
Oldham

Officer Name: Anne Ryans
Contact No: 4902

27 Appendices

- 1 Summary of Savings Proposals totalling 2015/16 £35.229m and 2016/17 £9.398m
- 2 Summary of Savings Proposals totalling £27.471m for 2015/16 - for approval
- 3 Detailed options in relation to Appendix 2
- 4 Detailed EIAs in relation to Appendix 2
- 5 Summary of Savings Proposals totalling £7.758m for 2015/16 – for noting
- 6 Detailed options in relation to Appendix 5
- 7 Detailed EIAs in relation to Appendix 5
- 8 Key Consultation Comments

Budget Proposals 2015/16

Report of Interim Borough Treasurer - Appendices

Index		Page No
Appendix 1	Summary of Savings Proposals totalling 2015/16 £35.229m 2016/17 £9.398m	1
Appendix 2	Summary of Savings Proposals totalling £27.471m for 2015/16 – for approval	3
Appendix 3	Detailed options in relation to Appendix 2	5
Appendix 4	Detailed EIAs in relation to Appendix 2	123
Appendix 5	Summary of Savings Proposals totalling £7.758m 2015/16 – for noting	413
Appendix 6	Detailed options in relation to Appendix 5	415
Appendix 7	Detailed EIAs in relation to Appendix 5	443
Appendix 8	Key Consultation Comments	573