



Oldham
Council

Report to Council

Budget Proposals 2016/17 & 2017/18

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Reason for Decision

This report presents for Council, a revision to the 2016/17 and 2017/18 budget reduction requirement and also the Administration's detailed Tranche 1 budget reduction proposals for the financial year 2016/17 prior to the receipt of the Local Government Finance Settlement and other information which will impact on budget decisions. Further detailed budget reduction proposals will be presented to Council on 16 December 2015.

Executive Summary

The initial budget reduction requirement for 2016/17 was presented to Cabinet and Council in February 2015. Since then, there have been a number of developments both locally and nationally which have impacted on the estimates used in calculating the budget gap and hence the 2016/17 budget reduction target. This report therefore sets out a new reduced budget reduction target of £18.194m (as illustrated at Table 3), a reduction of £11.295m from the £29.489m that had previously been presented.

This report also presents for Council, the Administrations first set of detailed proposals towards bridging the revised 2016/17 budget gap of £18.194m. The total of Tranche 1 budget reductions is £9.353m which if approved would leave a balance of £8.646m still to be identified (after the use of reserves). However, there are eight proposals which total £3.379m for 2016/17 (see Appendix 5) for which staff consultation or 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 proposals for 2016/17 totalling £5.974m (as set out in summary at Appendix 3 and in detail at Appendix 4). These proposals build upon the work that has already been undertaken in previous financial years to address budget challenges and to ensure continued financial stability for the Council. Further Administration proposals to balance the budget will be presented to future meetings.

Budget setting for 2016/17 and 2017/18 has had to operate in the context of on-going economic, demographic and policy challenges at both a local and 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 continue to reduce public sector funding, particularly that for Local Government for a minimum of the next four financial years.

The Summer Budget Announcement on 8 July 2015 confirmed that £20 billion of additional public sector spending reductions will be required in this Parliament. The Summer Budget did not quantify the detailed impact of the reductions to Local Government. This will be included in the Comprehensive Spending Review, the outcome of which is due to be announced on 25 November 2015. This, together with the Chancellor of the Exchequers' recent announcement about a change in the Business Rates Regime will influence the level of Government resources available to the Council. The 2016/17 Provisional Local Government Finance Settlement will be issued by Central Government in December 2015 and the budget position cannot be finalised until this information has been issued, other Government funding has been notified, the Council Tax and Business Rates Tax-bases have been calculated and final levy notifications have been received.

Clearly, the planning assumptions have been revised in the light of local and national issues but it is considered that these revised assumptions are prudent. It is possible, however, that the financial position may change and that there may be a requirement for unanticipated budget proposals to be presented to the Performance and Value for Money (PVFM) Overview and Scrutiny Select Committee in January 2016 and the budget Cabinet and Council meetings in February 2016.

This report, however, provides information setting out the make-up of the initial and revised budget gaps as calculated for 2016/17 (£29.489m and £18.194m) and 2017/18 (£29.302m and £25.200m) and also the timetable to address in full the budget reduction target for 2016/17. Proforma budget reduction proposals together with Equality Impact Assessment (EIAs) documents as necessary in the sum of £9.353m for 2016/17 are presented for review. These have been presented in accordance with the budget protocol which has been to examine options for budget reductions via a Directorate approach as follows:

- Health and Wellbeing
- Cooperatives and Neighbourhoods
- Economy and Skills
- Chief Executive and Policy and Governance
- Corporate and Commercial

The budget reduction proposals included in this report at Appendices 2 to 6 were presented for scrutiny at the PVFM Overview and Scrutiny Select Committee on 24 September 2015. Each of the proposals were examined in detail with questions and comments being put forward by Committee Members. As a consequence, the Select Committee was content to commend all except one proposal for consideration by Cabinet. The Select Committee requested that Cabinet agreed that proposal B003 - Public Protection Environmental Health Section of Public Health at a value of £150k was given further consideration and that it should be deferred to Tranche 2 and thus not included in this report to Council for approval. The Cabinet meeting on 19 October 2015 agreed to defer the proposal B003 to Tranche 2.

Public consultation began for Tranche 1 items on 5 August 2015 and for most proposals concluded on 26 October 2015 thus allowing any comments to be included in this report. In addition, the S188 notice, starting the formal 45 day consultation was issued on 1 September 2015 and concluded on the 19 October 2015. However there are some proposals where consultations have not been finalised and so it is not possible for Council to approve these at this stage. There are six proposals (E002, E003, E004, E007, B005 and C005) where staff consultation has not ended, one where public consultation is still in train (E008) and one where the detailed business case has not

been received thus delaying the staff consultation process (C001). These proposals total £3.379m and can only be noted by Council at this time, leaving £5.974m for approval as presented in Appendix 3.

After the revision to estimates, and assuming all £5.974m of budget reductions as recommended are approved, there still remains a budget gap of £12.025m for 2016/17 after the approved use of £195k of reserves. This would reduce to £8.646m if proposals for noting are subsequently approved.

Directorates are undertaking a process of continuous review and challenge to identify further budget reduction proposals. As such, Tranche 2 proposals are to be considered at the PVFM meeting on 3 November 2015, Cabinet on 30 November 2015 and Council on 16 December 2015. There will be a requirement for Tranche 3 proposals and given that the final budgetary position will not be known until key Government announcements have been made, the budget cannot be finalised until the Budget Council meeting on 24 February 2016.

Recommendations

That Council:

- a) Approves the revised budget reduction targets for 2016/17 of £18.194m and 2017/18 of £25.200m
- b) Approves £5.974m of the Tranche 1 budget reduction proposals (presented in summary at Appendix 3 and in detail at Appendix 4)
- c) Notes eight budget proposals totalling £3.379m for 2016/17 for which the conclusion of consultation exercises is still required, as set out in Appendices 5 and 6.
- d) Notes that the budget reduction target may need to be revised depending on the Government funding and policy announcements, including the Provisional and Final Local Government Finance Settlements for 2016/17.

Budget Proposals 2016/17 & 2017/18

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 2016/17 and 2017/18. As would be expected at this stage, the emphasis of the budget process has been to prepare options to address the budget reduction target for 2016/17 in full detail. At the Budget Council meeting on 25 February 2015 the Medium Term Financial Strategy was presented and highlighted an overall budget gap for 2016/17 of £29.489m and £29.302m in 2017/18. This position has now been revised and an updated position is included in this report.
- 1.2 The budget report approved in February 2015, included budget proposals that not only balanced the 2015/16 budget but also had implications for 2016/17 with a net impact of £9.398m. These 2016/17 implications were noted by Council but established the starting position for the current budget process. In line with practice in previous years, the Administration has considered budget proposals in Tranches and this report sets out proposals which form Tranche 1 budget reductions for 2016/17. As may therefore be expected, a number of the Tranche 1 proposals are those which were considered as the 2016/17 implications of 2015/16 approved budget reductions and have therefore already been considered by Cabinet and Council. However, there has been a revision to the way in which some of the budget reductions are to be achieved and to the value which can be delivered. The pro formas therefore take these revisions into account. In total, there are 29 new or revised proposals with a total of £7.894m. These were subject to detailed scrutiny by the PVFM Select Committee on 24 September 2015.
- 1.3 This report therefore presents the Administration's Tranche 1 budget reduction proposals as a first step in delivering a balanced budget for 2016/17. Proposals impacting on 2017/18 are simply for noting at this time. As advised above, the PVFM Select Committee scrutinised Tranche 1 proposals at its recent meeting. It was content to commend all except one proposal it considered for approval by Cabinet. The Committee requested that Cabinet recommended that proposal B003 – Public Protection Environmental Health Section of Public Health at a value of £150k was given further consideration and that it was deferred to Tranche 2 and thus not commended to Council for approval. The Cabinet Meeting on 19 October 2015 agreed to defer the proposal B003 to Tranche 2, and has therefore recommended Council approves proposals totalling £9.353m.
- 1.4 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 period to March 2018 there will be a firm financial base which will enable further service transformation to be delivered, providing budget reductions through improved processes and a continued long term efficiency programme. It will continue to provide the framework for enhancing relationships with citizens and partners supporting the agenda of a Cooperative Council.
- 1.5 It is important to note that the budget processes for 2016/17 and 2017/18 have to be considered within the context of significant on-going economic and policy changes at both a national and regional level. The Summer Budget Announcement on 8 July 2015 confirmed that £20 billion of additional public sector spending reductions will be required over the life of this Parliament. The Summer Budget did not quantify the detailed impact of the reductions to Local Government but the Government has initiated a Comprehensive

Spending Review and the outcome is due to be announced on 25 November 2015. This will have a key influence over the level of Government resources available to the Council.

- 1.6 Of particular importance is the Greater Manchester (GM) devolution agenda, the development of which has continued at a pace since the two year budget for 2015/16 and 2016/17 was approved in February 2015. New services, including health and social care were included in the agreement and further responsibilities may transfer in response to the Government's Northern Powerhouse initiative. As part of the current devolution agreement the Combined Authority has prepared a City Region Locality Plan detailing opportunities for pump priming investment within health and adult social care to lead to efficiency savings in future years. This document has been agreed and will be considered by the Treasury in the forthcoming Comprehensive Spending Review. The Summer Budget also agreed that the City Region could retain within its business rates pooling arrangements all income generated by a growth level in excess of 1%. Discussions are on-going within the Combined Authority about how this growth will be invested within the Region. The £300m GM Housing Fund has become operational from the beginning of the financial year with £66.3m being committed to projects including £1.45m to construct twenty three-bed semi- detached homes at a development in Oldham. There is still much work to do to fully determine the financial impact for the Council arising from devolution.
- 1.7 On 5 October 2015 The Chancellor of the Exchequer revealed plans for Local Authorities to retain 100% of Business Rates by the end of the Parliament. Detail and phasing of this has still to be announced but these proposed changes will have a significant impact on the budget position of the Council in future years which will change future budget reduction targets.
- 1.8 At a local level, the budget proposals have been 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 in 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

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.

- 1.9 The initial 2016/17 budget reduction requirement was determined by taking into account a number of issues including a net reduction in Government grant funding and Oldham Council funding pressures. These matters have been the subject of on-going review to ensure that the pressures remain within the estimated levels and as set out in Section 2 of the report, have recently been revised. However it is important to consider the starting position for 2016/17 budget deliberations in order to understand the significant financial challenges the Council is facing.
- 1.10 The following table sets out the budget gap as approved at the 2015/16 Budget Council meeting. It shows how the initial budget gaps of £29.489m for 2016/17 and £29.302m for 2017/18 were arrived at and highlights all expenditure pressures and funding assumptions.

Table 1 – Initial 2016/17 & 2017/18 Budget Gap

| Net Revenue Budget as per 25 February 2015 Budget Report | 2016/17 £m | 2017/18 £m |
|-----------------------------------------------------------------|-----------------------|-----------------------|
| Prior Year Net Revenue Budget | 195.800 | 179.227 |
| Expenditure Pressures: | | |
| - Pensions | 0.263 | 2.709 |
| - Pay Award | 1.717 | 1.753 |
| - Inflation | 3.818 | 3.774 |
| - Investment Fund | 1.055 | 0.923 |
| - Business Plan | 1.500 | 0.500 |
| - Levies | 0.000 | 1.544 |
| - Increase in NI Charges | 2.363 | 0.000 |
| - End of Change to Terms and Conditions | 0.000 | 2.515 |
| - Fair Employment Charter | 0.600 | 1.030 |
| Total Expenditure Pressures | 11.316 | 14.748 |
| Total Expenditure | 207.116 | 193.975 |
| Funded By: | | |
| - Business Rates Top Up | 30.587 | 31.198 |
| - Revenue Support Grant | 33.276 | 20.475 |
| - Housing Benefit and Council Tax Administration | 1.378 | 1.241 |
| - Council Tax Freeze Grant | 1.790 | 0.000 |
| - Central Education Support Grant | 2.266 | 2.111 |
| - New Homes Bonus | 2.000 | 1.500 |
| - Multiplier Cap/Settlement Funding Adjustment | 0.641 | 0.000 |
| - Adults Social Care | 0.585 | 0.000 |
| Total Government Grant Funding | 72.523 | 56.525 |
| - Retained Business Rates | 29.980 | 30.680 |
| - Council Tax Income | 75.124 | 77.468 |
| Revised Budget Funding | 177.627 | 164.673 |
| Net Gap/Budget Reduction Requirement | 29.489 | 29.302 |

- 1.11 To assist with identification of the budget reductions required, targets were set for each of the Council's Directorates, with an Executive Director as the responsible lead for each area. The initial targets were allocated using an agreed calculation to ensure budget reductions would be identified proportionately across the Council's Service budgets. Using this approach has enabled the identification of the budget reduction proposals, Tranche 1 of which is detailed in this report.

2. Financial Position

2015/16 Budget Position

- 2.1 The starting point for the consideration of the 2016/17 budget is the current 2015/16 budget position. Since the 2015/16 budget report was presented to Council, there have been a number of further funding allocations and amendments. These are detailed in the table below as reported in the month 3 Revenue Monitoring report approved by Cabinet at its meeting on 24 August. The budget for 2015/16 has therefore increased to £196.213m and this is therefore the revised base budget for 2016/17.

Table 2 - 2015/16 Revised Budget Position

| | | 2015/16 |
|---------------------------------------------------------------------------------------|---------|----------------|
| Net Revenue Budget as at 25 February 2015 | | 195.800 |
| Adjusted for use of reserves | | 0.195 |
| Adjusted Net Revenue Budget | | 195.995 |
| New One-Off Grant Funding Received | | |
| Revised Notification of General Grant Funding (including a Multiplier Cap Adjustment) | 0.265 | |
| Special Education Needs and Disability Regional Lead | 0.055 | |
| Staying Put Grant | 0.039 | |
| Welfare Reform Grant | 0.054 | |
| Adjustment to Use of reserves | (0.195) | |
| Total Budget Adjustments | | 0.218 |
| Total Revised Net Revenue Budget | | 196.213 |

Revised 2016/17 and 2017/18 Budget Position

- 2.2 As in previous years the process for addressing the budget gap has used the forum of Leadership Star Chamber, which is a tried and tested methodology allowing the detailed review and examination of budget options so that there is clear Cabinet Member support for proposals before their submission for public consultation and scrutiny. Leadership Star Chamber meetings are chaired by the Leader of the Council with support from Cabinet Members and Senior Officers and allow the consideration of budget issues and proposals.
- 2.3 The budget has been reviewed by Directorate area with proposals put forward for consideration. The Directorate areas reviewed are as follows:
- Health and Wellbeing
 - Cooperatives and Neighbourhoods
 - Economy and Skills
 - Chief Executive and Policy and Governance
 - Corporate and Commercial
- 2.4 Work has also been undertaken to prepare cross cutting budget proposals where possible. Member support for proposals has been demonstrated by pro-formas bearing the signatures of the relevant Cabinet Member.
- 2.5 There has been a detailed review of assumptions used to calculate the budget gap and hence the budget reduction requirement. This has been informed by the Summer Budget, unexpected funding notifications from Central Government, trends in inflation, other Government policy announcements and changes in issues directly under the influence of the Council, for example revisions to capital spending plans. All these changes could not have been foreseen when the initial budget gap was calculated. The revised estimates suggest that the gap for 2016/17 can be reduced to £18.194m. Table 3 below sets out the revised budget gap in comparison to the original 2016/17 gap of £29.489m

Table 3 - 2016/17 Revised Budget Gap

| Estimated Revenue Position 2016/17 | Original 2016/17 £m | Revised 2016/17 £m | Change £m |
|---------------------------------------------------|---------------------------|--------------------------|-----------------|
| Prior Year Revenue Budget | 195.995 | 195.995 | 0 |
| Use of reserves | (0.195) | 0 | 0.195 |
| Adjustment to Base Budget - Capital Related Items | 0 | (4.609) | (4.609) |
| Adjustment to Base Budget - New Burdens ILF Grant | 0 | 2.013 | 2.013 |
| Net Revenue Budget | 195.800 | 193.399 | (2.401) |
| Expenditure Pressures: | | | |
| - Pensions | 0.263 | 0.263 | 0 |
| - Pay Award | 1.717 | 0.917 | (0.800) |
| - Inflation | 3.818 | 1.110 | (2.708) |
| - Investment Fund | 1.055 | 0.000 | (1.055) |
| - Business Plan | 1.500 | 1.005 | (0.495) |
| - Increase in NI Charges | 2.363 | 2.100 | (0.263) |
| - Fair Employment Charter | 0.600 | 0.600 | 0.000 |
| - Demand Pressures OCS Pensions | 0.000 | 0.200 | 0.200 |
| - Unity – Achievement of Prior Year Savings | 0.000 | 0.196 | 0.196 |
| - Independent Living Fund (ILF) | 0.000 | 0.987 | 0.987 |
| Total Expenditure Pressures | 11.316 | 7.378 | (3.938) |
| Total Expenditure | 207.116 | 200.777 | (6.339) |
| Funded By: | | | |
| - Business Rates Top Up | 30.587 | 30.587 | 0.000 |
| - Revenue Support Grant | 33.276 | 34.140 | 0.864 |
| - Council Tax Freeze Grant | 1.790 | 0.926 | (0.864) |
| - New Burdens - ILF Grant | 0.000 | 2.013 | 2.013 |
| - Housing Benefit and Council Tax Administration | 1.378 | 1.378 | 0.000 |
| - Central Education Support Grant | 2.266 | 2.500 | 0.234 |
| - New Homes Bonus | 2.000 | 2.700 | 0.700 |
| - Multiplier Cap/Settlement Funding Adjustment | 0.641 | 0.854 | 0.213 |
| - Adults Social Care | 0.585 | 0.585 | 0.000 |
| Total Government Grant Funding | 72.523 | 75.683 | 3.160 |
| - Retained Business Rates | 29.980 | 29.980 | 0.000 |
| - Council Tax Income | 74.885 | 76.485 | 1.600 |
| - Parish Precepts | 0.239 | 0.239 | 0.000 |
| - Collection Fund Surplus | 0.000 | 0.196 | 0.196 |
| Revised Budget Funding | 177.627 | 182.583 | 4.956 |
| Net Gap/Budget Reduction Requirement | 29.489 | 18.194 | (11.295) |

2.6 The changes in the assumptions to arrive at the reduced budget reduction gap, as highlighted in the “Change” column of Table 3, are explained in detail as follows:

Adjustments to 2016/17 Base Budget

There are two adjustments to the 2016/17 base budget as set out below:

- Capital Related Items – Reduction of £4.609m

Members will be aware through Treasury Management reports that the Council currently has significant cash balances which are being used to support capital expenditure and defer the requirement to undertake prudential borrowing. In addition as a result of slippage in the capital programme in the early part of 2015/16, and a review of the phasing of capital projects, there is no requirement to budget for costs of capital financing at existing levels. As a result £4.015m can be safely removed from the base budget. A review of the budget for PFI Schemes and property related expenditure suggests that £0.594m can also be safely removed from the base budget.

It should be noted that the costs of financing the capital programme are simply being deferred and as projects progress, the costs will be incurred. This will therefore be reflected in budget reduction requirements for future financial years.

- New Burdens Independent Living Fund Grant – Increase of £2.013m

With effect from 1 July 2015, the function of the Independent Living Fund has transferred to the Council. A grant will be paid to compensate for this new duty. The funding in 2015/16, included in the base budget from month 4, is considered adequate to support inherited commitments. It is however expected that grant funding in 2016/17 will be reduced in line with expected RSG reductions. The 2016/17 base budget has therefore been adjusted to reflect the impact of the increased costs of service and this is matched by expected funding of £2.013m.

Revision to Expenditure Pressures

There are eight revisions to expenditure pressures as set out below:

- Pay Award – Reduction of £0.800m

A review of the allowance for pay awards to align to a 1% increase rather than 2% reduces the budget gap by a further £800k. This adjustment reflects the Government’s budget announcement that public sector pay awards should be limited to 1%. Whilst this does not directly impact on Local Government, it sets out a statement of intent around which to frame budget estimates.

- Inflation – Reduction of £2.708m

Non-pay inflationary increases were initially based on the Office for National Statistics (ONS) data for October 2014. These were adjusted for local conditions resulting in an average inflation rate of 2.1%. Since this review has taken place, inflation rates have fallen significantly resulting in a 12 month CPI rate of 0.00% (based on ONS statistics for August 2015). As a result the budget increase to support inflationary pressures (including contractual inflation) can be contained within a sum of £1.110m thus reducing the estimate by £2.708m.

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- Investment Fund – Reduction of £1.055m

As advised above, existing cash balances, slippage in the capital programme and a review of phasing of capital projects means that the additional budget of £1.055m to support anticipated financing costs of the Investment Fund in 2016/17 is no longer required. However, as advised above, this adjustment simply defers costs into future years and increases in funding requirements have been included in estimates for 2017/18 onwards.

- Business Plan – Reduction of £0.495m

The £1.5m budget to support initiatives to enhance the delivery of corporate plan objectives has been reduced by £0.495m after a review of budget pressures.

- National Insurance (NI) Employer Contribution Rates – Reduction of £0.263m

Following reductions in staffing budgets, the cost impact of national changes to NI employer contribution rates arising from changes in pension legislation effective in 2016/17 have been recalculated. As a result the estimated budget required to meet this cost can be reduced by £0.263m.

- Demand Pressures – Oldham Care and Support (OCS) Pensions – Increase of £0.200m

The 2015/16 budget included funding for pensions costs for OCS employees in line with the start-up agreement for OCS. This is phased across 2 years with a further budget requirement of £200k in 2016/17

- Achievement of Prior Year Savings – Increase of £0.196m

Budget reductions agreed in 2015/16 related to activities of the Unity Partnership in assisting the Council to make budget reductions by reducing spending or increasing income. The make-up of the budget reductions has changed as the programme of activity has developed and budget reductions linked to the increase in the level of Council Tax by means of reviewing issues such as Single Person Discount and aged debt have been added to the programme. As budget reductions have already been assumed from reduced expenditure, this requires the increase in Collection Fund income to be matched by a corresponding revenue pressure of £0.196m in order to produce a balanced position.

- Independent Living Fund (ILF) Pressure – Increase of £0.987m

It is expected that ILF grant funding will be reduced to £2.013m from 2016/17 in line with the reduction in Revenue Support Grant (RSG). It is estimated based on the assumed reductions in RSG, that this will create a £0.987m budget pressure. Budget growth of £0.987m has been built in to compensate for this reduction in funding.

Adjustment to Income Assumptions

There are eight adjustments to income assumptions as set out below:

- Revenue Support Grant (RSG) – Increase of £0.864m

In 2015/16 the Council Tax Freeze Grant for 2014/15 was rolled into the RSG. To be prudent, it has been assumed that the 2015/16 Freeze Grant will be rolled into the RSG for 2016/17, thus increasing RSG by £0.864m.

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- Council Tax Freeze Grant – Reduction of £0.864m

Council policy for 2015/16 was to freeze Council Tax and this remains the policy for 2016/17 at this time. The Council therefore received Council Tax Freeze Grant in 2015/16 and this has also been assumed for 2016/17. The estimate of 2016/17 Council Tax Freeze grant previously calculated as £1.790m included both the 2015/16 allocation of £0.864m and the additional sum of £0.926m assumed for 2016/17. The 2015/16 element has been removed from Council Tax Freeze Grant funding and 'rolled in' to the RSG figure as detailed above.

- Independent Living Fund – Increase of £2.013m

As highlighted above, the Council takes responsibility for the operation of the Independent Living Fund during 2015/16. The level of grant expected from Central Government to support this activity in 2016/17 has been assessed as £2.013m.

- Central Education Support Grant – Increase of £0.234m

The 2016/17 Central Education Grant previously calculated at £2.266m included an assumption for a reduction in funding following schools transferring to academy status. These assumptions have been reviewed based on current knowledge of schools and whether they are likely to transfer in 2016/17. As a result the expected funding has been increased by £0.234m to £2.500m.

- New Homes Bonus – Increase of £0.700m

The New Homes Bonus grant previously calculated at £2.000m has been increased to £2.700m in 2016/17 following work to identify ways in which this grant can be maximised. It is estimated that an additional £0.700m of grant will be achieved through the increase in housing stock and targeting occupied properties recorded as long term empty properties on the council tax system.

- Multiplier Cap/Settlement Funding Adjustment – Increase of £0.213m

Within the 2015/16 Local Government Finance Settlement, the Government amended the level at which Business Rates income could be increased. It provided grant compensation to make good the reduced Business Rate income. Final allocations for 2015/16 resulted in an increase in grant of £0.213m thus increasing the 2015/16 budget. The uplifted 2015/16 allocation of £0.854m has also been assumed for 2016/17.

- Council Tax Income – Increase of £1.600m

Assumed Council Tax growth of £1.600m has been incorporated into estimates to align to the 2016/17 income assumptions included within the 2015/16 budget report. This reflects an anticipated increase in the number of properties for which Council Tax can be charged and not a variation in the level of Council Tax.

- Collection Fund Surplus – Increase of £0.196m

Budget reductions agreed in 2015/16 related to activities of the Unity Partnership in assisting the Council make budget reductions by reducing spending or increasing income. In order to realise the budget reduction represented by increased income, there is a requirement to present a surplus on the Collection Fund of £0.196m (as discussed above).

2.7 Appendix 1 shows the revised budget position for 2017/18 with a reduced budget gap of £25.200m (a change of £4.102m). This clearly highlights that issues impacting on the budget estimates for 2016/17 have a consequential implication for 2017/18 starting with an increase of £3.356m in the 2016/17 base budget carried forward. The revised projection shows the continuation of 2016/17 changes in relation to pay award, inflation, ILF, Central Education Support Grant, New Homes Bonus and the Multiplier Cap/ Settlement Funding Adjustment. It also shows that a revision to staff numbers applicable to 2016/17 estimates influences projected pension costs and the impact of the end to the change in terms and conditions.

Budget Proposals for 2016/17

- 2.8 During the 2015/16 Budget Process, budget proposals totalling £9.398m were initially identified towards bridging the 2016/17 gap of £29.489m leaving a balance of £20.091m still to find. This position is now updated given the information presented in this report. However, as highlighted earlier, many of the budget proposals with 2016/17 implications that were included in 2015/16 budget reports have been updated and are now submitted for approval by Council.
- 2.9 As part of the 2016/17 budget process, these original options were rated for deliverability and re-presented for consideration prior to submission to the PVFM Select Committee and Cabinet. In some instances, original proposals were considered to be no longer deliverable following further review. New budget reduction proposals have therefore been identified to make good any shortfall, and accordingly budget reductions of £9.353m are presented as Tranche 1 budget reduction proposals.
- 2.10 Public consultation commenced on Tranche 1 items on 5 August 2015 and for most of the proposals concluded by 26 October 2015 thus allowing comments to be incorporated into this report. In addition, the S188 notice starting the 45 day formal consultation with the recognised Trade Unions was issued on 1 September 2015 concluding on 19 October 2015. As outlined in section 2.15 not all consultation processes have yet concluded so Council is unable to consider all proposals in this report for approval. As a consequence Council is recommended to approve £5.974m of proposals which have finalised all stages of consultation, but note £3.379m where consultation has not or cannot yet be concluded.
- 2.11 Attached at Appendix 2 is the consolidated list of budget proposals highlighting Tranche 1 items, totalling £9.353m. This shows an anticipated staffing reduction of 53 FTE which was included in the S188 notice issued on 1 September 2015.
- 2.12 Appendix 2 also presents proposals which have had detailed Equality Impact Assessment (EIA) carried out prior to any decision being made. These proposals total £6.834m.
- 2.13 Attached at Appendix 3 is the consolidated list of budget proposals for approval totalling £5.974m
- 2.14 Appendix 4 sets out the budget reduction proposals for approval in detail using a pro forma presentation for each of the items. Each pro forma identifies how the budget reduction is to be achieved together with the implications for staff, service users or partners, and other information relevant to decision making. If required, the EIA document follows the related pro forma.
- 2.15 Appendix 5 is the consolidated list of budget proposals for noting totalling £3.379m with detailed proformas and draft EIA documents (if required) attached at Appendix 6. The reasons why these proposals cannot be approved at this time are set out below:

- A. There are six proposals at a value of £2.628m where staff consultation has not been completed. These are presented in Table 4.

Table 4 – Proposals yet to complete Staff Consultation

| Ref | Brief Detail | 2016/17 (£'000) | FTE 2016/17 | 2017/18 (£'000) |
|------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|-----------------|
| E002 | Improved Value for Money within Oldham's Residential and Supported Accommodation Offer for Looked After Children and Care Leavers | 234 | 0.0 | 0 |
| E003 | Looked After Children – Demand Management and Reduction (Therapeutic Fostering and the Adolescent Support Unit) | 1,254 | 12.0 | 0 |
| E004 | Mental Health | 843 | 1.5 | 0 |
| E007 | Workforce Re-design | 150 | 5.0 | 0 |
| B005 | Street Lighting – Shared Client Team | 22 | 1.0 | 13 |
| C005 | Strategic Sourcing & Strategic Relationship Management – Commercial Trading Model | 125 | 2.0 | 0 |
| | Total | 2,628 | 21.5 | 13 |

- B. There is one proposal where public consultation is not complete at this time – (Adult Services E008 – Generating Additional Income (£0.401m)). This consultation is being conducted in tandem with that for Tranche 2 proposal (Adult Services – Income Maximisation E010) as it involves the same client service user group. It will therefore be completed in accordance with the timeline for Tranche 2 and presented to December Council.

- C. There is one proposal where the detailed business case is still not finalised thus delaying the consultation process – (Business Support Redesign C001 (£0.350m))

2.16 Having regard to the revised budget target and assuming Tranche 1 proposals recommended for approval are indeed agreed, it will leave a budget gap of £12.025m. Assuming that the proposals for noting are agreed at Council in December then the gap would be £8.646m after the approved use of reserves and prior to the consideration of Tranche 2 budget reduction proposals.

2.17 The table below shows the current budget position for 2016/17 and 2017/18 having regard to the revised budget reduction gap and Tranche 1 budget reduction proposals.

Table 5 Current Budget Position 2016/17 and 2017/18

| Budget position | 2016/17 £m | 2017/18 £m |
|----------------------------------------------------------------|-----------------------|-----------------------|
| Prior Year Net Revenue Budget | 196.213 | 182.583 |
| Adjustment – 2015/16 one off changes | (0.218) | |
| Revised Prior Year Net Revenue Budget | 195.995 | 182.583 |
| Adjustment to Base budget | (2.596) | 0.195 |
| Total Expenditure Pressures: | 7.378 | 11.175 |
| Total Expenditure | 200.777 | 193.953 |
| Total Government Grant Funding | 75.683 | 60.596 |
| Retained Business Rates | 29.980 | 29.980 |
| Council Tax Income | 76.724 | 78.177 |
| Collection Fund Surplus | 0.196 | |
| Revised Budget Funding | 182.583 | 168.753 |
| Initial Budget Gap | 18.194 | 25.200 |
| Approved use of Reserves | (0.195) | 0 |
| Net Gap/Budget Reduction Requirement | 17.999 | 25.200 |
| Tranche 1 Budget Reductions Recommended | (5.974) | (0.137) |
| Budget Gap | 12.025 | 25.063 |
| Tranche 1 Budget Reductions for noting (if agreed in December) | (3.379) | (0.013) |
| Budget Gap to be Addressed | 8.646 | 25.050 |

2.18 Work is continuing to prepare additional budget reduction proposals. Tranche 2 proposals totalling £4.131m are presented for scrutiny to the meeting of the PVFM Select Committee on 3 November 2015. Further budget reduction proposals as required will be presented at subsequent Select Committee, Cabinet and Council meetings. Tranche 3 proposals are currently being finalised.

3. New Responsibilities

3.1 Members will recall that the February 2015 budget report set out a range of new duties and responsibilities that the Council is required to undertake in 2015/16 and future years. An update on these new responsibilities and the impact upon the revenue budget is shown below.

Better Care Fund

3.2 The Better Care Fund (BCF) aims 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 introduced some significant developments including the requirement under BCF pooled fund arrangements for a Section 75 agreement which recognises financial contributions, service provision requirements and service quality risk in relation to pooled budgets.

3.3 In 2015/16 the Oldham share of the BCF was £16.036m (revenue) and £1.549m (capital). The revenue funding was allocated to Oldham CCG as part of the pooling arrangements

and £9.895m has been transferred to the Council as per the BCF agreement. Part of the funding is subject to satisfactory performance of agreed objectives and steps are being taken to ensure objectives are delivered.

- 3.4 The Council's Medium Term Financial Strategy (MTFS) currently assumes the same BCF revenue allocation in 2016/17 as 2015/16.

Independent Living Fund

- 3.5 The Independent Living Fund (ILF) ceased at the end of June 2015 and its functions transferred to Local Authorities. The Council has been allocated £2.244m additional funding for the nine months July 2015 to March 2016. This included a five percent funding reduction but was in line with financial plans. This will have a neutral impact in 2015/16 with spend matching resources. Over the remainder of the financial year the service is conducting reassessments of all users who were in receipt of ILF funding and aim to replace ILF with payments of a single individual budget. At present it is assumed from 2016/17 the ILF funding will be reduced in line with the main Revenue Support Grant cuts. As advised earlier, the revised assumptions include increased expenditure of £3m with compensating grant of £2.013m.

Care Act

- 3.6 The Council received a Care Act Implementation Grant of £1.088m in 2015/16 to fund the implementation of phase one of the Care Act, from April 2015, and to help prepare for phase two in 2016. Phase two of the Care Act has been put on hold until 2020. It is therefore uncertain whether the 2015/16 level of funding will be forthcoming in 2016/17. The Council's MTFS had prudently assumed a fifty percent reduction in this grant from 2016/17 which is in line with current expectations.

Public Health

- 3.7 The Council takes responsibility for the commissioning of 0-5 health visitor services and the services linked to an all age early help offer when the functions transfer from NHS England on 1 October 2015. This grant will form part of the ring-fenced public health grant and will be matched by an equivalent expenditure budget, thus having a neutral impact on the Council's finances.
- 3.8 On 4 June 2015, the Chancellor of the Exchequer announced savings of £200m from this year's public health grant. This decision affects the whole of the Council's 2015/16 public health funding of £17.079m (which includes part year funding of £2.164m for 0-5 children's public health service). The Department of Health has consulted Local Authorities on the most appropriate method for implementing this saving. A reduction of every Local Authority's allocation by a straight line 6.2% (the Government's preferred option) would mean an in-year cut of £1.059m for the Council and £1.193m if applied recurrently from 2016/17.
- 3.9 On October 8 2015 the Government issued a consultation paper on the allocation of Public Health Grant for 2016/17. The proposed revision to the grant allocation formula would have a significant impact if it is introduced, reducing funding for Oldham from 0.26% of the total national grant to 0.22%. The consultation period is open until 6 November and the actual funding notification will not be known until later in 2015 or early 2016. It is currently assumed any reduction can be managed without any impact on the budget position for 2016/17, but this will depend on the final funding position.

4. Devolution

- 4.1 As highlighted in section 1 of this report, Devolution will clearly have a significant impact on the management and financing of the Council going forward, however at this stage of the budget process, Devolution is being treated as being financially neutral. There is still a substantial amount of work to take place to finalise all the arrangements and as a clearer picture emerges, this will be factored into future budget reports as appropriate.

5 Next Steps in the Budget Setting Process

- 5.1 There are still some key stages to be completed in the budget setting process for 2016/17. As a result the budget gap may be affected by a number of issues still to be determined and finalised. These issues include (but are not restricted to) the following:
- The announcement of the:
 - Comprehensive Spending Review (CSR) combined with the Autumn Statement scheduled for 25 November 2015
 - Local Government Finance Settlement 2016/17 (mid December)
 - Other Local Government Funding changes
 - Variations in the Council Tax and Business Rate Tax Bases
 - The announcement of the GM Waste Disposal Authority and GM Combined Authority Levies for 2016/17 (confirmed January/February 2016)
- 5.2 The CSR is expected to give a forward look about the Government's spending intentions throughout the life of this Parliament. This will be vital to informing the Councils MTFS and is likely to have a significant impact on budget reduction targets for 2017/18 and beyond.
- 5.3 The Autumn Statement is to be encompassed within the CSR which is likely to give greater policy direction, focussing initially on 2016/17. The Provisional Local Government Finance Settlement is not expected until mid-December. This will give definitive funding allocations for 2016/17 and possibly indicative allocations for future years. Until this is received, all Government grant and related figures must remain as best estimates.
- 5.4 The lateness of the receipt of information leaves little time to revisit the budget if the announcements vary significantly from estimated figures. Any revisions can only therefore be included in the final budget report presented to the 24 February 2016 budget meeting.
- 5.5 Whilst Oldham Council is progressing in the preparation of its 2016/17 budget, clearly much depends on key financial information yet to be received from Central Government as outlined above. The budget setting timetable, whilst framed by the statutory requirements is working towards a budget Council meeting where all final decisions are made on 24 February 2016. Table 6 below shows the timelines from November onwards for the 2016/17 budget approval process and reports that will be prepared for consideration at each meeting.

Table 6 - Budget Setting Timetable

| <i>Date</i> | <i>Body/Issues</i> | <i>Action / Implication</i> |
|-------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 02/11/2015 | 12 week consultation starts | All proposals within Tranche 3 |
| 03/11/2015 | Overview and Scrutiny Performance and Value for Money Select Committee (PVFM) | Scrutiny of detailed 2016/17 options (Tranche 2), progress on 2017/18 proposals and recommendations to Cabinet |
| 04/11/2015 | Council | Approval of 2016/17 options (Tranche 1) and progress on 2016/17 proposals |
| 16/11/2015 | Tranche 3 S188 notice issued | All proposals within Tranche 3 |
| 19/11/2015 | S188 Staff Consultation period ends | All proposals within Tranche 2 |
| 25/11/2015 | Notification of the Comprehensive Spending Review | Review of implications and update of estimates |
| 25/11/2015 | Autumn Statement | Review of implications and update of estimates |
| 30/11/2015 | Cabinet | Approval of 2016/17 options (Tranche 2) and progress so far on 2017/18 proposals and recommendation to Council (subject to consultation comments) |
| 07/12/2015 | 12 Week public consultation ends | All proposals within Tranche 2 |
| 16/12/2015 | Council | Approval of 2016/17 options (Tranche 2) and progress on 2017/18 proposals |
| Mid/late December | Notification of the Provisional Local Government Finance Settlement | Review of implications and update of budget position |
| 11/01/2016 | S188 Staff Consultation period ends | All proposals within Tranche 3 |
| 21/01/2016 | Overview and Scrutiny Performance and Value for Money Select Committee (PVFM)* | Scrutiny of 2016/17 budget report and any amendments to the proposals (including Tranche 3 Proposals) and budget gap for recommendation to Cabinet* |
| 25/01/2016 | Cabinet | Setting of Council Tax and Business Rates Tax bases |
| 25/01/2016 | 12 week public consultation ends | All proposals within Tranche 3 |
| Early February | Notification of the Final Local Government Finance Settlement | Review of implications and update of final budget position |
| 11/02/2016 | Cabinet* | Recommendation to Council of Tranche 3 proposals and final budget report* |
| 24/02/2016 | Council* | 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.

6 Options/Alternatives

6.1 There are two options Council may consider:

Option 1 – Council can approve all the budget proposals included in this report to the value of £5.974m and note additional proposals to the value of £3.379m.

Option 2 – Council can request that further work is undertaken on some or all of the budget proposals and that a decision on proposals is deferred.

7 Preferred Option

7.1 The preferred option is that Option 2 is approved and that £5.974m of budget reduction proposals are approved

8 Consultation

8.1 The presentation of these proposals forms part of the detailed consultation stage of the 2016/17 budget process.

8.2 Since 5 August 2015 the Council has been consulting the public about its budget challenge and about how we can work together to meet that challenge.

8.3 The Council commissioned an update of the short video used as part of the budget challenge campaign for 2015/16. This year we have focused on the need for co-operative working to help us reduce the impact of any reduction in services delivered by the Council. The video also asks residents to get involved in an online discussion about how the Council should spend its budget and invites them to share their money saving ideas. The video has been promoted via social media and the Council's website and since its launch on 5 August has already had more than 283,424 views.

8.4 Further engagement is being encouraged through the introduction of a budget consultation portal. Specific questions have been developed detailing key services and what percentage of the budget is spent on them. We are inviting residents and staff to participate in this short questionnaire to advise on which services they use the most, which they think we should protect, and which they think we could spend less money on. This questionnaire will provide us with key information as to whether the services most used by residents will drive their decision on whether or not to protect them or to reduce spend on them.

8.5 We are developing a new budget calculator tool for use during more in-depth and face to face engagement. The calculator is an advanced way of showing how much we spend on individual services and allows the user to reduce the spend by a chosen percentage. It will then detail the impact of this reduction on that service and highlight the challenges that we face in making these decisions.

8.6 To further share the scale of the budget challenge with residents, we shall also be commissioning a second short video. This will focus on Value for Money and will highlight the cost of services and how this equates to the cost of Council Tax payments.

8.7 To ensure we do not exclude residents who do not use digital channels we have included budget messaging in our resident newsletter, Borough Life distributed in October and in a two page feature in the Oldham Evening Chronicle. Both of these will also offer a tear-off reply slip asking for feedback and ideas.

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- 8.8 We have also begun engagement with staff about our budget challenge, requesting them to share their money saving ideas through an internal poster campaign, via the intranet staff forum and direct to the 'Ask the Chief' and Internal Comms mailboxes.
- 8.9 Wherever possible we will respond directly to comments and suggestions offering further information about council spend and services.
- 8.10 Alongside the Council's public consultation around the 2016/17 budget challenge, we have also engaged in specific consultation around the budget reduction proposals in Adult and Children's Services and Community Services. Where appropriate the feedback received is reflected in the EIAs. The website information around the proposals included a link to a 'mailbox' for additional comment. There has been consultation with affected groups including staff and service users for those proposals having a frontline impact such as the reduction for residential accommodation for looked after children due to the introduction of the adolescent support unit. There has also been consultation with key partners including the Clinical Commissioning Group, provider organisations and the Voluntary and Community Sector (VCS).
- 8.11 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.
- 8.12 Voluntary Sector partners have been actively involved in the work around reducing the commissioning and grant funding activity for VCF organisations.

9 Financial Implications

- 9.1 Dealt with in the detail of this report.

10 Legal Services Comments

- 10.1 The Council has a legal obligation to pass a resolution to pass its budget and Council Tax resolutions by March 2016. Appropriate statutory consultation is taking place in respect of the proposals. (Colin Brittain)

11 Co-operative Agenda

- 11.1 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.

12 People Services Comment

- 12.1 High level union and staff engagement on Tranche 1 options commenced on the 28 July in order to give an overview of where savings were being considered and the Councils initial thoughts on how these may be delivered .
- 12.2 The S188 document starting formal consultation on the Tranche 1 proposals was issued to the recognised trade unions on the 1 September and started the minimum 45-day formal consultation process. Consultation on individual options has been ongoing since that date. Consultation on any proposals should have ended ideally in advance of Cabinet on the 19 October but, at the latest, by 30 October. This to allow for full consideration of any comments or alternatives submitted by unions or staff to be considered in advance of, and where relevant presented to, Council on the 4 November 2015 prior to any final decisions.

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- 12.3 Proper and meaningful consultation has to be exhausted in advance of the approval and subsequent implementation of any new arrangements. Where consultation has not been completed, consideration must be given to moving final approval to the Council meeting in December or February in order to ensure full and meaningful consultation based on complete proposals takes place. This will be the case for seven of the Tranche 1 options, specifically B005, C001, C005, E002, E003, E004 and E007, where due to either the complexity of the option, connectivity with other tranches and working with partner organisations, has meant that the development of the proposals and consultation are not completed.
- 12.4 The S188 document shows a potential 58 FTE staff losses in Tranche 1 (5 FTE of which are to be considered in Tranche 2) and it is hoped that the number of compulsory redundancies will be mitigated by deletion of relevant vacancies and seeking voluntary options in the first instance.
- 12.5 Tranche 2 options released were shared on the 8 September with the S188 being issued on the 5 October. Early Engagement on the Tranche 3 proposals commenced on the 26 October and it is expected that the S188 will be issued on 16 November 2015 with a view to the options being approved at Council in February.
- 12.6 People Services and the HR Advisory Service within Unity 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 share their views and have input on the final outcomes. (Sally Blackman)

13 Risk Assessments

- 13.1 The Council has a statutory obligation to set a balanced budget. This report sets out a number of options by which the Council proposes to set its budget for 2016/17. Failure to agree a balanced budget will expose the Council to the risk of future censure by its external auditors. (Mark Stenson)

14 IT Implications

- 14.1 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 reductions put forward.

15 Property Implications

- 15.1 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.

16 Procurement Implications

- 16.1 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.

17 Environmental and Health & Safety Implications

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

18 Equality, community cohesion and crime implications

18.1 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.

18.2 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.

18.3 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.

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

- age,
- disability,
- gender,
- gender reassignment,
- marriage and civil partnership,
- pregnancy and maternity,
- race,
- religion and belief and
- sexual orientation

18.5 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

- 18.6 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.
- 18.7 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.
- 18.8 Where complete, the final EIAs have been included. Where public consultation is currently ongoing, draft EIAs have been included for consideration.
- 18.9 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 Director / 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 of the Cabinet Member for Social Care and Safeguarding, a senior officer from the Co-operatives & Neighbourhoods directorate, a lawyer from the Legal Services team, two senior officers from Commissioning and a senior officer from People Services.
- 18.10 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.
- 18.11 Full equality impact assessment – 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

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

- Cabinet Member for Social Care and Safeguarding sits on the Equality Challenge Group.
- Consideration of equality impact throughout the Leadership 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 Performance and Value for Money Overview and Scrutiny Select Committee NB: Where public consultation is required and is ongoing, the EIA forms are still in draft form at this stage.
- Final EIAs are made available to Members alongside the budget proposals in the Council papers.

18.13 The Council in adhering to the legal requirements is already completing EIAs and progress will be reported on these throughout the budget preparation as it was last year.

19 Equality Impact Assessment Completed

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

20 Key Decision

20.1 Yes

21 Key Decision Reference

21.1 CFHR-17-15

22 Background Papers

22.1 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: Background papers are contained in Appendices 1, 2, 3, 4, 5 and 6
 Officer Name: Anne Ryans
 Contact No: 0161 770 4902

23 Appendices

- 23.1 Appendix 1 – Revised 2017/18 Budget Gap
 Appendix 2 – Full Summary of Tranche 1 Budget Reductions
 Appendix 3 – Summary of Tranche 1 Budget Reductions to approve
 Appendix 4 - Budget proposals and EIAs in relation to Appendix 3
 Appendix 5 – Summary of Tranche 1 Budget Reductions to note
 Appendix 6 – Budget proposals and EIAs in relation to Appendix 5

APPENDIX 1 – REVISED BUDGET POSITION FOR 2017/18 WITH AN ADJUSTED BUDGET REDUCTION

| Estimated Revenue Position 2017/18 | Original 2017/18 £m | Revised 2017/18 £m | Change £m |
|--------------------------------------------------|------------------------------------|-----------------------------------|----------------------|
| Prior Year Revenue Budget | 179.227 | 182.583 | 3.356 |
| Adjustment to Base Budget - Use of Reserves | | 0.195 | 0.195 |
| Net Revenue Budget | 179.227 | 182.778 | 3.551 |
| Expenditure Pressures: | | | |
| - Pensions | 2.709 | 1.474 | (1.235) |
| - Pay Award | 1.753 | 1.000 | (0.753) |
| - Inflation | 3.774 | 1.880 | (1.894) |
| - Investment Fund | 0.923 | 1.682 | 0.759 |
| - Business Plan | 0.500 | 0.500 | 0.000 |
| - Levies | 1.544 | 1.544 | 0.000 |
| - Increase in NI Charges | 0.000 | 0.065 | 0.065 |
| - Fair Employment Charter | 1.030 | 1.030 | 0.000 |
| - Change to end of Terms and Conditions | 2.515 | 2.000 | (0.515) |
| Total Expenditure Pressures | 14.748 | 11.175 | (3.573) |
| Total Expenditure | 193.975 | 193.953 | (0.022) |
| Funded By: | | | |
| - Business Rates Top Up | 31.198 | 31.198 | 0.000 |
| - Revenue Support Grant | 20.475 | 20.475 | 0.000 |
| - New Burdens - ILF Grant | 0.000 | 1.799 | 1.799 |
| - Housing Benefit and Council Tax Administration | 1.241 | 1.241 | 0.000 |
| - Central Education Support Grant | 2.111 | 2.329 | 0.218 |
| - New Homes Bonus | 1.500 | 2.700 | 1.200 |
| - Multiplier Cap/Settlement Funding Adjustment | 0.000 | 0.854 | 0.854 |
| Total Government Grant Funding | 56.525 | 60.596 | 4.071 |
| - Retained Business Rates | 30.680 | 29.980 | (0.700) |
| - Council Tax Income | 77.229 | 77.938 | 0.709 |
| - Parish Precepts | 0.239 | 0.239 | 0.000 |
| Revised Budget Funding | 164.673 | 168.753 | 4.080 |
| Net Gap/Budget Reduction Requirement | 29.302 | 25.200 | (4.102) |