

## **Report to Council**

# **Council Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2020/21 – Administration Budget Proposals**

**Portfolio Holder:** Cllr Abdul Jabbar, Deputy Leader and Cabinet Member for Finance and HR

**Officer Contact:** Anne Ryans, Director of Finance

**Report Author:** Anne Ryans, Director of Finance  
**Ext. 4902**

**1 March 2017**

---

## **Reason for Decision**

This report presents to Council the Administration's budget and budget proposals for 2017/18 together with revised budget gap estimates for the period 2018/19 to 2020/21 having regard to the impact of all of the issues set out in the 'Policy Landscape, Local Government Finance Settlement and Forecast Budget Gap Update' report (elsewhere on the agenda).

## **Executive Summary**

Members will recall that Council on 14 December 2016 approved a package of budget reductions at a value of £6.147m that made significant progress towards addressing the 2017/18 budget gap. Further revisions to estimates and the publication of the Final Local Government Finance Settlement mean the remaining budget gap for 2017/18 is now reported as being £8.837m increasing cumulatively to £24.080m for 2018/19, £31.289m for 2019/20 and £40.715m for 2020/21 prior to the consideration of further measures and budget reduction proposals.

This report therefore presents the Administration's final balanced budget proposals for 2017/18 and revisions to the budget gap estimates for the remainder of the forecasting period. A report presenting the Council Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2020/21 – Administration Budget Proposals was presented for scrutiny to the Overview and Scrutiny Performance and Value for Money Select Committee (PVFM) at its meeting of 26 January 2017. The Select Committee was content to commend the report to Cabinet. Having regard to the recommendations of the Select Committee, Cabinet has commended for approval, the Administration's Budget proposals for 2017/18.

A further meeting of the Select Committee took place on 7 February 2017 which considered budget proposals put forward by the main Opposition Party.

---

---

To balance the revenue budget position for 2017/18, this report presents:

- Two Phase 1 budget reduction proposals at a value of £0.400m in 2017/18 that were previously considered by the PVFM Select Committee on 10 November 2016 and noted by Cabinet on 5 December 2016 pending the outcome of staff consultation that closed on 23 December 2016. These are CEX-TRN-001 Executive Support Redesign and CCS-TRN-046 Business Support – Restructure & Transformation and have an FTE impact of 12.17. These proposals were again considered by the Select Committee on 26 January 2017, approved and commended to Council by Cabinet on 20 February 2017 and are presented in summary at Appendix 2 and in detail at Appendix 3;
- A combined proposal replacing three Phase 1 budget reduction proposals at a value of £0.185m in 2017/18 that were previously considered by PVFM Select Committee on 10 November 2016 and deferred by Cabinet on 5 December 2016. The revised 'combined' proposal has a nil FTE impact and was considered by the PVFM Select Committee on 26 January 2017 and approved and commended to Council by Cabinet on 20 February 2017. This proposal is presented in summary at Appendix 4 and in detail at Appendix 5;
- Thirteen Phase 2 budget reduction proposals at a value of £2.766m in 2017/18 (presented in summary at Appendix 6 and in detail at Appendix 7) that were also considered by PVFM Select Committee on 26 January 2017 and approved and commended to Council by Cabinet on 20 February 2017. Of the Phase 2 proposals presented, CCS-TRN-071 (Internal Services Redesign) is the only one to carry any staffing implications with a FTE impact of 12;
- A proposed £5.486m contribution from earmarked reserves to balance the budget;
- A proposed 3.99% Council Tax Increase for Oldham Council Services comprising a 2% increase relating to the Adult Social Care Precept and 1.99% for other Council services.

The report also advises that if proposals are accepted in full then the revised budget reduction targets for future years are £20.755m for 2018/19, then cumulatively £27.964m for 2019/20 and £37.390m for 2020/21.

The report also includes the proposed schedule of fees and charges for 2017/18 (Appendix 8 refers), the Pay Policy Statement for 2017/18 (Appendix 9 refers), the impact of decisions of precepting authorities and revised budget gap estimates for the period 2018/19 to 2020/21.

Finally, Council is advised that the proposal to pilot full business rates retention within Greater Manchester carries implications for some of the grant allocations notified in and alongside the Final Local Government Finance Settlement. Whilst there are no implications for the budget gap estimates, participation in the pilot has introduced some presentational changes to the budget estimates which are explained in the Policy Landscape report (elsewhere on the agenda).

The expected Council Tax levels for 2017/18 having regard to the proposed Council increase, together with the confirmed position for the Police and Crime Commissioner for Greater Manchester, the Greater Manchester Fire and Rescue Authority and the Parish Councils for Saddleworth and Shaw & Crompton are set out in Section 8 of the report and at Appendix 12.

---

## Recommendations

That Council approves:

1. The two Phase 1 budget reduction proposals (Executive Support Redesign - CEX-TRN- 001 (£0.100m) & Business Support – Restructure and Transformation – CCS-TRN-046 (£0.300m)) presented in summary at Appendix 2 and in detail at Appendix 3;
2. The revised proposal (HWB-TRN-073 – Shared Services – Collaborative approach with neighbouring authorities) that replaces three Phase 1 budget reduction proposals at a value of £0.185m (presented in summary at Appendix 4 and in detail at Appendix 5);
3. Phase 2 budget reduction proposals at a value of £2.766m for 2017/18 and £2.740m per annum in subsequent financial years (presented in summary at Appendix 6 and in detail at Appendix 7);
4. The proposed use of £5.486m of corporate reserves to balance the 2017/18 budget;
5. The fees and charges schedule for 2017/18 included at Appendix 8;
6. The pay policy statement included at Appendix 9;
7. The proposal to draw on the Collection Fund for major preceptors of £94.676m for Borough Wide services and £82.473m for Council services;
8. The proposed net revenue expenditure budget for 2017/18 for the Council set at £209.868m as shown at Appendix 10;
9. A proposed Council Tax increase of 3.99% resulting in the charges set out in Appendix 12;
10. Revised budget reduction targets of £20.755m for 2018/19, then cumulatively at £27.964m for 2019/20 and £37.390m for 2020/21.

**Council Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2020/21 – Administration Budget Proposals****1 Introduction**

- 1.1 Members will recall that Council considered the budget position and Phase 1 budget proposals at the meeting on 14 December 2016. A total of 37 budget reduction proposals were approved valued at £6.147m after detailed scrutiny by PVFM Select Committee on 10 November 2016 and consideration by Cabinet on 5 December 2016. A summary of these proposals is included at Appendix 1. This left £14.168m of budget reductions still to be identified in order to balance the 2017/18 budget.
- 1.2 The report entitled 'Council Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2020/21 – Policy Landscape, Local Government Finance Settlement and Forecast Budget Gap Update' (elsewhere on the agenda) revises the remaining budget gap for 2017/18 to £8.837m rising to a cumulative sum of £40.715m by 2020/21. This is the confirmed position as the Final Local Government Finance Settlement has now been received.
- 1.3 This report therefore sets out the Administration's proposals for balancing the 2017/18 budget.

**2 Budget Reduction Proposals**

- 2.1 Following on from the successful processes adopted in previous years, the Administration approached balancing the budget for 2017/18 and 2018/19 as a two year exercise. Using the well-established forum of Leadership Star Chamber there has been a review of the extent of financial pressures facing the Council and consideration given to initial budget reduction proposals to bridge the budget gap.
- 2.2 The budget has been reviewed by Portfolio area with proposals put forward for consideration. The Portfolio areas reviewed are as follows:
- Health and Wellbeing
  - Economy, Skills and Neighbourhoods
  - Chief Executive
  - Corporate and Commercial Services
- 2.3 Work has also been undertaken to prepare cross cutting budget proposals. Member support for Portfolio specific and cross cutting proposals has been demonstrated by proformas bearing the signatures of the relevant Cabinet Member.
- 2.4 At Council on 14 December 2016, 37 Phase 1 budget reductions proposals with a value of £6.147m and an FTE impact of 37.90 posts were approved. The financial impact of these proposals includes a combination of on-going and one-off budget reductions as summarised in the table below:

**Table 1 – Impact of Approved Phase 1 Budget Reductions**

	Cumulative Figures			
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Phase 1 Approved Budget Reductions				
- Ongoing	(5,624)	(5,729)	(5,729)	(5,729)
- Use of reserves	(373)			
- One-Off	(150)			
<b>Total</b>	<b>(6,147)</b>	<b>(5,729)</b>	<b>(5,729)</b>	<b>(5,729)</b>

2.5 In order to contribute to a balanced revenue budget position for 2017/18, this report now presents:

- Two Phase 1 budget reduction proposals at a value of £0.400m in 2017/18 that were noted by Cabinet on 5 December 2016 pending the outcome of consultations that closed on 23 December 2016. These are CEX-TRN-001 Executive Support Redesign and CCS-TRN-046 Business Support – Restructure & Transformation and have an FTE impact of 12.17. There have been no changes to the principles of the proposals arising from the conclusion of the consultation. These proposals are presented in summary at Appendix 2 and in detail at Appendix 3;
- A combined proposal (HWB-TRN-073 - Shared Services – Collaborative approach with neighbouring authorities) replacing three Phase 1 budget reduction proposals at a value of £0.185m in 2017/18 that Cabinet of 5 December 2016 deferred in order to allow further work to take place. This ‘collaborative working’ proposal has a nil FTE impact. The revised combined proposal is presented in summary at Appendix 4 and in detail at Appendix 5;
- A total of 13 Phase 2 budget reduction proposals at a value of £2.766m in 2017/18 (presented in summary at Appendix 6 and in detail at Appendix 7). Of the Phase 2 proposals presented, CCS-TRN-071 (Internal Services Redesign) is the only one to carry any staffing implications with a 12 FTE impact.

2.6 Members will however be aware that the S188 notice issued to Trades Unions on 28 November 2016 was for a value of £5.466m, some £2.700m higher than the proposals presented in this report. This is because a proposal around health and social care integration for £2.700m was insufficiently developed for consideration, and has therefore been withdrawn.

2.7 In addition, with regard to two other deferred Phase 1 proposals, Members are advised that the proposal to close the Link Centre has been withdrawn from the 2017/18 budget round. A report setting out an alternative proposal was approved by Cabinet on 23 January 2017. It is anticipated that the revised operating arrangements will produce a saving of £0.223m from 2018/19 onwards which is reflected in the budget estimates presented in this report. Also withdrawn after further discussion and consideration is proposal ESN-RSI-033 Implementation of Charges for Resident Parking Permits (£0.030m).

2.8 The budget reductions now presented for approval are summarised as follows:

**Table 2 – Summary of Proposed Budget Reductions**

	Cumulative Figures			
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Phase 1 Noted Budget Reductions	(400)	(400)	(400)	(400)
Phase 1 Deferred Budget Reductions	(185)	(185)	(185)	(185)
Phase 2 Budget Reductions	(2,766)	(2,740)	(2,740)	(2,740)
<b>Total</b>	<b>(3,351)</b>	<b>(3,325)</b>	<b>(3,325)</b>	<b>(3,325)</b>

2.9 As with Phase 1, the Phase 2 proposals include a combination of one-off and ongoing budget reductions as well as reductions supported by the use of reserves. In this regard it should be noted that budget reduction proposal CEX-LIG-058 (Borough Life Publication reduction) for £0.013m provides a one-year only saving.

2.10 In addition, the following budget reductions partly rely on the use of reserves during 2017/18:

- Noted at Phase 1: CCS-TRN-046 Business Support – Restructure and Transformation (up to £0.150m use of reserves) which will achieve a permanent reduction in 2018/19;
- Phase 2: CCS-CTS-055 People Services Contract Cessation (£0.016m) which will achieve a permanent reduction from 2018/19;
- Phase 2: CEX-LIG-066 Reduction in Reputation Tracker (£0.013m); and
- Phase 2: CCS-TRN-071 Internal service redesign – set a single service direction and service transformation (£0.237m)

2.11 This therefore means £2.487m of ongoing Phase 2 budget reductions are proposed for 2017/18 rising to £2.740m for 2018/19.

2.12 The following table presents a summary of all Phase 1 and Phase 2 budget reduction proposals and the use of reserves to obtain a balanced position for 2017/18.

**Table 3 – Budget Reduction and Use of Reserves Summary 2017/18**

Budget Reductions / Use of Reserves	2017/18	
	£000	£000
<b>Budget Gap as at 5 September 2016</b>		<b>20,315</b>
Phase 1 Agreed Budget Reductions 14 December 2016	(5,774)	
Phase 1 Agreed Use of Reserves 14 December 2016	(373)	
<b>Budget Gap as at 14 December 2016</b>		<b>14,168</b>
Revision to estimates including impact of LGFS	(4,870)	
Revision to estimates following Levy Notifications	(461)	
<b>Remaining Budget Gap</b>		<b>8,837</b>
<b>Actions to address the budget gap</b>		
Phase 1 Noted Budget Reductions	(400)	
Phase 1 Deferred Budget Reductions	(185)	
Phase 2 Budget Reductions	(2,766)	
<b>Balance following Budget Reductions</b>		<b>5,486</b>
Use of Corporate Reserves		(5,486)
<b>Final Balance</b>		<b>0</b>

- 2.13 As can be seen, it is proposed that Corporate Reserves of £5.486m are utilised to balance the 2017/18 budget.
- 2.14 The table below summarises the full set of Phase 1 and Phase 2 budget reduction proposals for 2017/18 and 2018/19 by portfolio:

**Table 4 – Summary of Budget Reductions Proposals by Portfolio**

	Health & Wellbeing £000	Economy, Skills and Neighbourhoods £000	Chief Executive £000	Corporate & Commercial £000	TOTAL £000
2017/18	(2,052)	(1,175)	(511)	(5,760)	(9,498)
2018/19	(40)	(50)	0	(15)	(105)

- 2.15 In total, £9.498m of budget reduction proposals have either been approved or are presented for approval for 2017/18 with an additional £0.105m in 2018/19.
- 2.16 The following table shows how the Administration proposes to balance the revenue budget for 2017/18 after revisions to the budget gap estimates set out in the 'Policy Landscape' report (elsewhere on the agenda). The budget reduction target for 2017/18 is £14.984m which is £0.458m lower than the figure reported to PVFM on 26 January 2017 due to the receipt of adjusted levy notifications and a reduction in the New Homes Bonus Returned Funding Grant as notified in the Final Local Government Finance Settlement. The revised budget gap is proposed to be resolved using a combination of budget reductions totalling £9.498m and the use of £5.486m of corporate reserves:

**Table 5 – Budget Reductions and Use of Reserves**

Budget Reductions / Use of Reserves	2017/18		
	£000	£000	£000
<b>Budget Gap as at 5 September 2016</b>			<b>20,315</b>
Revision to estimates including impact of LGFS		(4,870)	
Revision to estimates following Levy Notifications		(461)	
<b>Revised Budget Gap</b>			<b>14,984</b>
<b>Budget Reductions</b>			
Phase 1 - Agreed 14 December 2016	(6,147)		
Further Phase 1 Reductions	(585)		
Phase 2 Budget Reductions	(2,766)		
<b>Total Proposals including use of reserves</b>		<b>(9,498)</b>	
<b>Corporate Use of Reserves</b>		<b>(5,486)</b>	
<b>Total Actions to Balance the Budget</b>			<b>(14,984)</b>
<b>Final Balance</b>			<b>0</b>

- 2.17 The proposed budget for 2017/18 takes account of the above-mentioned budget reduction proposals as well as the approach to reserves set out in Section 5 and the impact of proposed Council Tax and Adult Social Care Precept levels set out in Section 6. The overall proposed balanced position for 2017/18 and estimates for future years are summarised in Appendix 10 of the report and the indicative 2017/18 budget by portfolio and directorate is presented at Appendix 11.



- 2.18 On 7 February 2017 a further meeting of the PVFM Select Committee considered a report from the main Opposition Party setting out some alternative budget proposals. Whilst the proposals were not recommended as budget amendments the Select Committee did recommend to Cabinet that:
- a) There should continue to be robust monitoring of the Capital Programme.
  - b) It considers the saving proposal of £0.060m with regard to the Communications and Marketing and the Strategic Partnerships and Policy teams with a corresponding investment in the Enhanced integrated and Targeted Youth Service team.
  - c) It might wish to consider proposals put forward for 2018/19 regarding highway advertising, street lighting and bus lane enforcement within the 2018/19 Administration's budget deliberations.
- 2.19 Cabinet on 20 February 2017 noted the comments of the Select Committee with Members being advised that robust monitoring of the Capital Programme was already undertaken and that proposals put forward for 2018/19 at 2.18(c) would be considered within the 2018/19 budget setting process.

### 3 Fees and Charges

- 3.1 Attached at Appendix 8 is the proposed fees and charges schedule for the 2017/18 financial year. An element of the charges have been uplifted following discussions with the Heads of Service and Cabinet Members, however a number are proposed to remain at the same level as last financial year.
- 3.2 At this stage where services have proposed to increase fees and charges, due to volatility, income budgets will only increase if the change already forms part of a budget reduction proposal.

### 4 Pay Policy Statement

- 4.1 Included at Appendix 9 is the Council's Pay Policy Statement. This Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees.

### 5 Reserves and Balances

- 5.1 In addition to the approved use of reserves of £0.623m detailed in the 'Policy Landscape' report (elsewhere on the agenda), this report recommends the use of a further £5.902m of reserves to underpin the 2017/18 position of which £5.486m are Corporate Reserves that are being used to balance the budget. The position is summarised in the table below and shows that the proposed revenue budget for 2017/18 relies on a total of £6.525m of reserves.

**Table 6 – Use of Reserves 2017/18**

Use of Reserves 2017/18	2017/18	
	£000	£000
Approved Use of Reserves 2016/17	(250)	
Reserves supporting Phase 1 Approved 14 December 2016	(373)	
<b>Approved Use of Reserves prior to this report</b>		<b>(623)</b>
Reserves supporting Phase 1 Proposals	(150)	
Reserves supporting Phase 2 Proposals	(266)	
Corporate Use of Reserves	(5,486)	
<b>Proposed Use of Reserves</b>		<b>(5,902)</b>
<b>Total Proposed 2017/18 Use of Reserves</b>		<b>(6,525)</b>



---

5.2 It is acknowledged that the 2017/18 revenue budget is underpinned by the deployment of a significant amount of reserves. However, there are sufficient reserves and balances to support this contribution to balancing the 2017/18 budget and thereby protecting services for as long as possible without exposing the Council to undue financial risk. This approach also provides additional time to develop strategies to address the cumulative budget gap for 2018/19 and future years which will be challenging as pressures on vital services such as adult social care increase and Government funding continues to reduce.

## **6 Proposed Council Tax and Adult Social Care Precept Levels**

6.1 As advised in the report setting out the Medium Term Financial Strategy and Policy Landscape, the Government's assessment of Core Spending Power assumes that the Council will approve Council Tax increases in line with Office for Budget Responsibility forecasts for the Consumer Prices Index plus a further 2% per annum for the Adult Social Care Precept. The Government will allow Councils to increase the precept by 3% in 2017/18 and 3% in 2018/19 provided there is no further increase in 2019/20. The Government has stated that Adult Social Care Precept increases must remain at or below 6% for the remainder of the spending review period, i.e. to 2019/20.

6.2 The revenue raised from the Adult Social Care precept must be ring-fenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care. The Government's calculation of Core Spending Power (CSP) assumes this precept is levied by Oldham and by all Councils. On this basis, it is recommended that the precept, which has to be highlighted separately on the face of the Council Tax bill, will be levied by the Council at the level reflected in the Government's own CSP calculation which reflects a 2% increase.

6.3 As part of the proposals set out in this report, it is also recommended that a 1.99% general increase to Council Tax is applied for 2017/18. Together with the recommended increase in the Adult Social Care Precept, this represents an overall increase of 3.99% in Band D equivalent Council Tax for Oldham Council services. Oldham Council Band D Council Tax for 2017/18 is therefore recommended to be £1,502.11 of which £56.74 relates to the Adult Social Care Precept.

6.4 The Council is required to calculate its Relevant Basic Amount (RBA) of Council Tax to determine whether there is a requirement to hold a referendum about a Council Tax increase above a level that the Government considers excessive. This "excessiveness" is determined annually but for 2017/18 has been set at a figure of a 5% increase in the RBA of Council Tax (comprising 3% for expenditure on adult social care and 2% for other expenditure). An increase of 3.99% would not therefore be classed as excessive and would not trigger a referendum.

---

## 7 Impact of Decisions of Precepting Authorities

7.1 Whilst the spending decisions of precepting Authorities do not affect the level of resources available to the Council, they do affect the amount of Council Tax that is charged to Oldham citizens. The major preceptors are the Police and Crime Commissioner for Greater Manchester (PCCGM) and the Greater Manchester Fire and Rescue Authority (GMFRA).

### PCCGM

7.2 The PCCGM agreed its budget for 2017/18 on 15 February 2017 with an increase to Band D Council Tax of 3.18% from £157.30 to £162.30 (an increase of £5).

### GMFRA

7.3 The GMFRA agreed its budget for 2017/18 on 16 February 2017. It approved a 1.99% increase in Council Tax resulting in an increase in Band D Council Tax from £58.78 to £59.95 (an increase of £1.17).

### Parish Precepts

7.4 Saddleworth Parish Council agreed its 2017/18 budget and parish precept at a meeting on 23 January 2017. It agreed to increase its Band D charge by £1.00 (5.17%) to £20.35 resulting in a total precept of £172,120.30.

7.5 The Shaw and Crompton Parish Council agreed its 2017/18 budget and parish precept at a meeting on 7 February 2017. It agreed to increase its Band D charge by £0.35 (2.23%) to £16.05 resulting in a total precept of £85,321.80.

## 8 Anticipated Draw on Collection Fund

### Council Tax

8.1 Subject to confirmation from all precepting bodies, taking account of the approved Council Tax Base of 54,905 for 2017/18 and the Council Tax and Adult Social Care precept proposals set out in section 6 of the report, the sums anticipated to be drawn from the Collection Fund for Council Tax for 2017/18 are:

**Table 7 – Anticipated Draw on the Collection Fund**

<b>Precepting Body</b>	<b>2017/18 £000</b>
Oldham Council including Social Care Precept	82,473
PCCGM	8,911
GMFRA	3,292
Saddleworth Parish Council	172
Shaw & Crompton Parish Council	85
<b>TOTAL</b>	<b>94,933</b>
Less: contribution from Parish Taxpayers	(257)
<b>TOTAL Draw on Collection Fund for Major Preceptors</b>	<b>94,676</b>

---

8.2 The Band D Council Tax for 2017/18 is therefore anticipated as follows:-

**Table 8 – Anticipated Band D Council Tax**

<b>Council Tax Raising Body</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>Change %</b>
Oldham	1,444.48	1,502.11	3.99%
PCCGM	157.30	162.30	3.18%
GMFRA	58.78	59.95	1.99%
<b>TOTAL BAND D COUNCIL TAX</b>	<b>1,660.56</b>	<b>1,724.36</b>	<b>3.84%</b>
Saddleworth Parish Council	19.35	20.35	5.17%
Shaw & Crompton Parish Council	15.70	16.05	2.23%

8.3 This Council Tax information is set out in more detail at Appendix 12.

Business Rates

8.4 In line with the approach set out in the Policy Landscape and Forecast Budget Gap Update report (elsewhere on the agenda), Oldham's share of collectable business rates for 2017/18 are forecast to be £50.646m.

8.5 Under the accounting arrangements for the 100% Business Rates retention pilot, the Council will draw 99% rather than 49% of forecast collectable Business Rates. The financial implications are, however, revenue neutral.

8.6 Full details of the impact of the pilot scheme arrangements on the presentation of the budget are set out in the Policy Landscape report (elsewhere on the agenda).

## 9 Overall 2017/18 Revenue Budget and Medium Term Estimates 2018/19 to 2020/21

### 9.1 Taking account of:

- The revised budget gap of £8.837m for 2017/18
- Phase 2 budget reduction proposals set out in section 2 of the report;
- The approach to reserves and balances set out in section 5 of the report; and
- Proposed Council Tax and Adult Social Care Precept Levels set out in section 6 of the report.

The overall budget strategy for 2017/18 can be summarised as follows:

**Table 9 – Overall Budget Strategy**

Budget Strategy	2017/18	
	£000	£000
Directorate budget requirements	218,577	
Budget Reduction Proposals excluding use of reserves	(8,709)	
Expenditure Budget for 2017/18		209,868
<u>Less Government Funding</u>		
- Business Rates Top Up	54,747	
- Grants in Lieu of Business Rates	5,271	
- Revenue Support Grant	0	
- Education Services Grant	774	
- Improved Better Care Fund Grant	716	
- Independent Living Fund (ILF) Grant	2,748	
- Adult Social Care Support Grant	1,127	
- Housing Benefit Administration Grant	891	
- Council Tax Administration Grant (Estimate)	403	
- New Homes Bonus	2,641	
- New Homes Bonus Returned Funding	143	
- SEND Grant	203	
- Implementation of Universal Credit	283	
- New Burdens - Department for Work and Pensions	10	
- Lead Local Flood Authority	10	
		139,901
<u>Less</u>		
Retained Business Rates	50,646	
Collection Fund Surplus	0	
Parish Precepts	257	
		88,998
<u>Add Precepts</u>		
PCCGM	8,911	
GMFRA	3,292	
Total Council Tax including Levies (A)		101,201
Current Council Tax, adjusted for Tax Base (B)		94,676
Difference (A-B)		6,525
This additional expenditure is being funded by resources from appropriations from earmarked reserves		

- 
- 9.2 If the recommendations of this report are approved, the revised revenue budget position for 2017/18 to 2020/21 would be as set out at Appendix 10. This presents a balanced position for 2017/18, a budget gap of £20.755m for 2018/19, and cumulative budget gaps of £27.964m for 2019/20 and £37.390m for 2020/21.

### Budget Strategy for Future Years

- 9.3 The next stage in the process is to work towards finalising budget reductions for 2018/19 based on current projections. Work has already begun and will continue throughout 2017.
- 9.4 Clearly there is still a lot to do to address the remaining budget reduction target of £20.755m for 2018/19. Only £0.105m of budget reductions for 2018/19 have been identified so far having been included with the 2017/18 Phase 1 and 2 proposals. It is however, evident that good foundations have been laid and the established working arrangements are successful. Proposals to address the budget reduction target remaining gap for 2018/19 will be considered via the Leadership Star Chamber process and brought forward for detailed review and scrutiny during 2017/18.

## **10 Options/Alternatives**

- 10.1 Council can make comments on the budget reduction proposals/information included in this report and revise the budget reduction proposals/resource allocation outlined in this paper.

## **11 Preferred Option**

- 11.1 The preferred option is that Council approves the 2017/18 budget including £3.351m of budget reduction proposals and that the use of £5.486m of corporate reserves and that Council Tax levels are set as proposed in this report.

## **12 Financial Implications**

- 12.1 Financial Implications are dealt with in full within the detail of the report.

## **13 Consultation**

- 13.1 The presentation of these proposals to Council has been shaped by detailed consultation.
- 13.2 Since 6 September 2016 the Council has been consulting with members of the public and Council staff about the budget challenge, asking for their views on the proposed budget reductions and for suggestions for alternative proposals. The public consultation on Phase 1 proposals closed on 29 November 2016; however, a significant amount of engagement has been carried out to date.
- 13.3 The core information about the proposals was provided to both members of the public and Council staff via the budget website pages. This included a home page giving background and context on the financial challenges the Council faces, a page which summarises the proposals and a mythbuster page. Pages summarising the proposals by directorate were also made available. In total the home page was been visited 2,620 times, the summary of proposals 1,587 times and the mythbuster 279 times.
- 13.4 A dedicated comments section on the website generated 47 comments which have been considered as part of the budget process.
- 13.5 Additional staff-specific information was provided via the Councils intranet site. This included a home page and a dedicated staff information page as well as links to the information on the external website on the specific proposals. The home page has been visited 479 times while the staff information page has generated 626 views.

- 
- 13.6 Social media was used to promote the consultation. Two boosted Facebook posts generated a total reach of 59,810, driving more than half of the traffic to the Councils website. Other unpaid posts generated a total reach of 16,917. The consultation was also promoted on Twitter with regular posts generating 25,068 impressions and 352 engagements. All queries in response to the posts are answered, with residents given further information or signposted to the appropriate information or contact channels.
- 13.7 To ensure residents who do not use digital channels are not excluded, budget messaging was included in the Councils resident newsletter, Borough Life, distributed in October 2016 and obtained media coverage via a press release. A total of eight printed news stories were generated by the press release and subsequent debate around the issue along with a number of radio news bulletins.
- 13.8 External consultation and engagement was carried out on a number of proposals for Phase 1 of the options that have since been withdrawn.
- 13.9 No external consultation was required for the Phase two proposals as no direct impact was evident for residents.
- 13.10 To ensure partner agencies and local businesses were made aware of the consultation process and any potential impact of the proposals, information was provided to the Director of Economy and Skills to ensure the cascade of relevant messages. Information was shared as follows:
- Information regarding the budget consultation was added to the Oldham Business Leadership Group website. It was also added to their database.
  - It was also distributed to partners to circulate throughout their networks including Business Growth Hub and GM Chamber.
  - It was also tweeted as part of Oldham Hour

(Jane Rotherham)

#### **14 Legal Services Comments**

- 14.1 The Council has a legal obligation to pass its budget and Council Tax resolutions by 11 March 2017. Appropriate statutory consultation has taken place in respect of the proposals.

(Colin Brittain)

#### **15 Co-operative Agenda**

- 15.1 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.

#### **16 Human Resources Comments**

- 16.1 High level union and staff engagement on Phase 1 options commenced on the 6 September 2016 in order to give an overview of where budget reductions were being considered and the Councils initial thoughts on how these may be delivered.
- 16.2 The S188 document starting formal consultation on the Phase 1 proposals was issued to the recognised trade unions on the 19 September 2016 and started the minimum 45-day formal consultation process. Consultation closed on 5 December 2016 in order to allow for full consideration of any comments or alternatives submitted by unions or staff in advance of Council on 14 December 2016.
- 16.3 As agreed by Cabinet on 5 December 2016 consultation was extended for two Phase 1



---

options; CEX-TRN-001 and CCS-TRN-046, due to the complexity of these options and the need to ensure meaningful consultation based on complete proposals. Consultations on these two options have now completed and are now presented for final approval.

16.4 As part of the next stage in closing the budget gap, a Phase 2 S188 notice was issued on 28 November 2016 which included budget reduction proposals totalling £5.466m and a FTE impact of 12. Although staff consultation on one option will not be completed until after Council on 1 March 2017, meaningful consultation will continue and employee feedback will be taken into full consideration in determining the final position prior to implementation.

16.5 Furthermore, £2.700m of the original Phase 2 proposals have subsequently been withdrawn with no FTE impact.

16.6 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.

(Vanessa Bedford)

## **17 Risk Assessments**

17.1 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 2017/18. Failure to agree a balanced budget will expose the Council to the risk of future censure by its external auditors.

(Mark Stenson)

## **18 IT Implications**

18.1 Any specific IT implications associated with the proposals included in the report are detailed within the individual budget reduction proformas included at Appendices 3, 5 and 7.

## **19 Property Implications**

19.1 Any specific property implications associated with the proposals included in the report are detailed within each individual budget reduction proformas included at Appendices 3, 5 and 7.

## **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.

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 nine protected characteristics, namely:

- age,
- disability,
- gender,
- gender reassignment,
- marriage and civil partnership,
- 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.

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 No proposals in this report have a final EIA, however this situation is kept under review. No EIA is considered complete until public consultation has finished.
- 22.9 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 Economy, Skills & Neighbourhoods directorate, a lawyer from the Legal Services team, two senior officers from Commissioning and a senior officer from People Services.
- 22.10 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.
- 22.11 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.
- 22.12 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 PVFM 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.
-

---

22.13 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.

(Jennifer Barker)

**23 Key Decision**

23.1 Yes

**24 Key Decision Reference**

24.1 CFHR-12-16

**25 Background Papers**

25.1 The following is a list of the 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 that Act.

File Ref: Background papers are included in Appendices 1-12  
Officer Name: Anne Ryans  
Contact No: 0161 770 4902

**26 Appendices**

- Appendix 1 Summary Phase 1 Budget Reduction Proposals agreed by Council on 14 December 2016.
- Appendix 2 Summary Phase 1 Budget Reduction Proposals noted by Cabinet on 5 December 2016.
- Appendix 3 Detailed Phase 1 Budget Reduction Proposals noted by Cabinet on 5 December 2016.
- Appendix 4 Summary Phase 1 Budget Reduction Proposals deferred by Cabinet on 5 December 2016.
- Appendix 5 Detailed Phase 1 Budget Reduction Proposals deferred by Cabinet on 5 December 2016.
- Appendix 6 Summary Phase 2 Budget Reduction Proposals.
- Appendix 7 Detailed Phase 2 Budget Reduction Proposals.
- Appendix 8 Schedule of Fees and Charges.
- Appendix 9 Pay Policy Statement.
- Appendix 10 Proposed Revenue Budget for 2017/18 and Medium Term Forecast 2018/19 to 2020/21.
- Appendix 11 2017/18 Indicative Budget presented by Portfolio.
- Appendix 12 Proposed Council Tax Bands 2017/18.