

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	11 February 2015	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2732
TITLE:	Budget & Council Tax 2015/16 and Medium Term Financial Outlook	
WARD:	All	

AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix 1 – The Budget and Council Tax Proposal of the Cabinet 2015/16. This comprises a covering document, plus 5 Annexes

Annex 1 Draft Base Revenue Budget 2015/16 – individual service cash limits

Annex 2 Section 25 of the Local Government Act 2003 - Chief Financial Officer's Report on Adequacy of Balances and the Robustness of the Budget

Annex 3 Draft Capital Programme 2015/16-2019/20 including other emerging projects and programmes on an indicative basis - items shown in for provisional approval.

Annex 3i Highways Maintenance Programme 2015/15

Annex 3ii Transport Improvement Programme 2015/16

Annex 3iii Schools Planned Maintenance Programme 2015/16

Annex 3iv Corporate Estate Planned Maintenance Programme 2015/16

Annex 4 Minimum Revenue Provision (MRP) Policy

Annex 5 Comparative English Unitary Authority Council Tax Levels 2014/15

Appendix 2 – Variations to Budget

Appendix 3 - Budget Setting Process – Advice of the Monitoring Officer

Appendix 4 – Council Pay Policy Statement

Appendix 5 – Community Asset Transfers

Appendix 6 – Tackling Poverty

1 THE ISSUE

- 1.1 This report presents the Cabinet's draft medium term financial plan, and revenue and capital budgets for the 2015/16 financial year together with a proposal for a Council Tax level for 2015/16.

2 RECOMMENDATION

The Cabinet is asked to recommend:

2.1 That the Council approve:

- a) The General Fund net revenue budget for 2015/16 of £119.914m with no increase in Council Tax.
- b) That no Special Expenses be charged other than Town and Parish Council precepts for 2015/16.
- c) The adequacy of reserves at Appendix 1 Table 8 with a risk-assessed level of £10.5m.
- d) The individual service cash limits for 2015/16 summarised at Appendix 1 Table 4 and detailed in Annex 1.
- e) That the specific arrangements for the governance and release of reserves, including invest to save proposals, be delegated to the Council's Section 151 Officer in consultation with the Cabinet Member for Community Resources and the Chief Executive.

2.2 That the Council include in its Council Tax setting, the precepts set and approved by other bodies including the local precepts of Town Councils, Parish Councils and the Charter Trustees of the City of Bath, and those of the Fire and Police Authorities.

2.3 That the Council notes the Section 151 officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves (Appendix 1, Annex 2) and approves the conditions upon which the recommendations are made as set out throughout Appendix 1.

2.4 That in relation to the capital budget the Council:

- a) approves a capital programme of £57.537m for 2015/16 and notes items for provisional approval in 2015/16 and the programme for 2016/17 to 2019/20 as shown at Appendix 1, Annex 3 including the planned sources of funding .
- b) delegates implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 3i to Annex 3iv to the relevant Strategic Director in Consultation with the appropriate Cabinet Member.
- c) approves all other delegations as set out in the budget report.
- d) approves the Minimum Revenue Provision Policy as shown at Appendix 1, Annex 4
- e) approves the Capital Prudential Indicators as set out in Appendix 1 Table 6.

- 2.5 That the Council agree the Council's proposed pay policy statement, including the provision in respect of minimum pay rates in 2015/16 as set out at Appendix 4 delegating implementation arrangements to the Employment Committee where appropriate.
- 2.6 That the Council increases the "think local" financial limit to provide local businesses with the opportunity to obtain contracts up to £50,000 (increased from the current £25,000).
- 2.7 That the Council notes the approach to Community Assets as set out in Appendix 5.
- 2.8 That the Council notes the approach to tackling poverty as set out in Appendix 6.
- 2.9 Authorise the Council's Section 151 Officer, in consultation with the Cabinet Member for Community Resources, to make any necessary changes and presentational improvements to the draft budget proposal for submission to Council.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The resource implications are contained within the body of the report.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Council is committed to ensuring that our financial decisions and the budgetary processes are subject to proportionate equality analysis.
- 4.2 Bath & North East Somerset Council can demonstrate that it has taken due regard for equality in its decisions by using a template for equality impact assessment (EqIA). Thus the Council has a written record of the equality considerations that have been taken; which include a consideration of the actions that would help to avoid or mitigate any negative impacts on people of particular protected groups.
- 4.3 Our decisions are supported by a strong evidence base (through effective use of equality mapping and Joint Strategic Needs Assessment) assisting to make our decision-making processes more transparent. The EqIA can be updated and amended as new information is made available.
- 4.4 When a budget proposal has implications for people covered by the Equality Act 2010 an equality analysis must be carried out (using the EqIA template) and considered before decisions are taken on the proposal. The decision maker must assure themselves that they are fully apprised of the equality implications of the decision proposed and should not assume the proposal must be approved. The report should contain a summary of the key findings from the EqIA and the decision maker should consider the full EqIA, which should be attached to the report. It is not sufficient for the decision maker to have only a summary of the EqIA or for there just to be to a link to the EqIA in the report to the decision maker.
- 4.5 Other issues considered include Social Inclusion; Customer Focus; Sustainability; Young People; Equality; Corporate; Impact on Staff and Other Legal Considerations such as the requirement to set a budget and Council Tax.

5 THE REPORT

5.1 In this document the Cabinet sets out the following:-

- Its medium term service and resource planning financial assumptions which set the basis for the draft budget proposal for 2015/16.
- Its draft budget proposal for 2015/16 (Appendix 1). This provides the detail of the third year of the Medium Term Service and Resource Plans and recommends revenue and capital budgets for 2015/16, together with capital commitments for future years, and recommends a level of Council Tax for 2015/16.

5.2 The budget proposal builds on the prudent financial management of the Council and is designed to maintain front line services as far as possible whilst recognising the significant financial challenge facing the public sector. The budget proposals include:

- A net £0.7m or 0.6% increase in the non-schools budget to £119.914m
- An increase in the DSG estimated at £2.6m with total funding of £120.3m (including academies). The majority of the additional funding relates to the additional resources provided to accommodate increased pupil numbers in our schools. Additional funding to support the Pupil Premium in Early Years is also provided in this total. Taking account of this, the overall total represents a cash freeze per pupil compared to the previous year.
- A freeze in the Council's level of Council Tax, which excludes Polices, Fire and Parish precepts.
- These budget proposals are set out in detail at Appendix 1.

5.3 It is important to be clear on the process to be followed in setting the 2015/16 Budget. The Monitoring Officer has given specific guidance which is set out at Appendix 3, and in particular the need for the Council to approve a balanced budget.

5.4 The Monitoring Officer has also highlighted the implications arising if it does not prove possible for the Council to set a budget at its meeting on 17th February and any decision having to be deferred until the reserve date on 26th February. This includes potential delays to the Council Tax billing process.

5.5 The Council is required under the provisions of the Localism Act 2011 and associated statutory guidance to publish an annual statement of its policies relating to the pay of its direct workforce, in particular its 'Chief Officers' and 'lowest paid employees'. The purpose of the statement is to provide a clear and transparent policy to the public, which demonstrates accountability and value for money for the financial year ahead.

5.6 Appendix 4 sets out for Council approval the draft Pay Policy Statement for 2015/16 including a new provision, subject to the outcome of trade union consultation, to align the lowest salary offered for substantive, full time employment in 2015-16 with the Living Wage Foundation (UK rate) currently set at £7.85 per hour. See also Appendix 6.

- 5.7 The Living Wage Campaign was launched in 2001 by a group of more than 80 faith groups, trade union branches, schools and community organisations. The Living Wage is calculated according to the basic cost of living in the UK taking into account the area-specific factors (a separate rate is recommended for London), as well as the basic expenses involved in supporting a family. It has since been adopted by employers in the public, private and third sectors with a stated aim of preventing 'in-work poverty.' Advocates consider that the Living Wage is the minimum necessary to provide adequate income to ensure economic and social wellbeing.
- 5.8 The Chief Executive, as Head of Paid Service, advises that the Council's current lowest salary paid complies with statutory Minimum Wage requirements (i.e. £6.50 per hour) This rate was introduced from 1 January 2015 as a result of the 2014 national pay settlement which also includes provision to increase the minimum to £7.05 per hour from 1 October 2015. Around 550 Council employees are currently paid below the Living Wage rate. These include, cleaners, catering assistants & waste operatives. The proposal here is to increase the Council's minimum pay rate to £7.85 as recommended by the Living Wage Foundation from 1 April 2015. The Council's pay arrangements reflect the need to recruit, retain and motivate skilled employees to ensure high levels of performance balanced with accountability on the public purse. The immediate and on-going financial implications are dealt with as part of the specific proposal.
- 5.9 The following benefits of implementing the Living Wage have been identified for employing organisations:
- Reducing recruitment costs through improved retention and easier recruitment
 - Attraction of higher quality staff
 - Better attendance
 - Improved productivity, motivation and loyalty
 - Increased employee engagement

For the Council this would potentially translate into increased quality of service to residents. Improvements in the living standards of individuals receiving it would also be anticipated and, to the extent that a relatively high proportion of the Council's workforce on the 'lowest salary' are also its residents, this would add to the overall economic wellbeing of the area. Whilst such benefits can be argued, there are no obvious and objectively verifiable tests that could be applied to demonstrate directly outcomes/improvements that might be expected or correlated with the adoption of this proposal.

- 5.10 Legally, individual local authorities, as employers, are able to determine their minimum scale points and pay structures. Members should consider the potential risks against benefits in reaching a view on this proposal. It must be stressed that in making such a change to the lowest paid salary there would be no intention of moving away from the national negotiating framework. It is further proposed that any implementation arrangements be delegated to the Employment Committee.
- 5.11 In making decisions the Council is required to have regard to its Equalities Duties and in particular those set out in the Equality Act 2010 to eliminate discrimination, harassment, victimisation and eliminate any other conduct that is prohibited by or under the Act to advance equality of opportunity between persons who share a

protected characteristic namely age, disability, gender reassignment, pregnancy and maternity, race religion or belief, sex and sexual orientation and persons who do not share it and to foster good relations between persons who share a protected characteristic and persons who do not share it.

- 5.12 No adverse equalities implications for the Council in aligning its lowest salary offered for substantive, full time employment with the Living Wage Foundation (UK rate) as proposed have been identified. Indeed, there may be some positive equalities implications to the extent that those currently receiving less than this amount may include a disproportionately high percentage of part-time workers, there is evidence to show that part-time workers are more likely to be female. Detailed implementation arrangements would address any equal pay issues and the impact on any agency workers (as required by the Agency Worker Regulations 2010). In considering the proposal, Members will need to be satisfied that the Council's equalities duties are met.
- 5.13 The budget proposal also sets out the proposed approach to Community Asset transfers and Tackling Poverty in Appendix 5 and Appendix 6 respectively.

6 RATIONALE

- 6.1 The rationale for the recommendations is contained in the supporting paper to this report.
- 6.2 The Council's Section 151 Officer is the Divisional Director – Business Support. As Section 151 Officer his duties include ensuring a prudent and balanced budget is set on time which properly takes into account the financial constraints and risks facing the Council.

7 OTHER OPTIONS CONSIDERED

- 7.1 The supporting paper and appendices also contain the other options that can be considered in making any recommendations.

8 CONSULTATION

- 8.1 Meetings have been and will continue to be held with staff, trades unions and other stakeholders during the development of service and resource plans which have fed into this budget. This has included four Budget Fair's (Bath, Larkhall, Keynsham and Radstock), enabling cross service consideration of the range of proposals by a range of stakeholders.
- 8.2 Representatives of the business community were engaged in these consultations as part of the Budget Fair.
- 8.3 Comments received from consultation, including the Budget Fair, Policy Development and Scrutiny Panels and Trade Unions have been provided for consideration by the Cabinet.

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 In addition Appendix 1 to this report includes (at Annex 2) the Section 151 Officer's assessment of the Robustness of Estimates and Adequacy of Reserves. One of the considerations taken into account is the Directors' Review of Robustness of Estimates and Budget Risks/Sensitivities and the Corporate Risk Register. This is completed by all Directors in respect of their own services.

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Background papers	<p>Medium Term Service & Resource Planning reports to Policy Development & Scrutiny Panels during November 2014.</p> <p>Consultation Response Summary – Report to Resources PDS 9th February 2015</p> <p>Financial Settlement 2015/16 to 2016/17, CLG website</p>
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