

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 9 December 2014	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Policy and Resources Strategy 2015/16 to 2017/18: Scene Setting Report	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Strategy and Performance	

## **FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, STRATEGY AND PERFORMANCE**

This report provides cabinet with an update on expected general fund resources for 2015-16 and the work officers are doing to address the £31.4m 2015/16 budget gap reported at our October meeting.

The finance team have been working hard to firm up forecasts of council tax and retained business rate income for next year. I'm delighted to report that whilst the Audit Commission has found that nationally collection rates are falling (by 0.4% in 2013/14), Southwark's award winning in-house revenues and benefits team are bucking the trend and increasing collection rates. I anticipate that we will be able to recommend to council assembly in January an increase of 0.25% in the assumed council tax collection rate. When this is combined with the anticipated surplus in collection in the current financial year and the expected growth in the number of homes in the borough next year this is expected to make a £3.3m contribution towards next year's budget.

Officers have also conducted further analysis with the Valuation Office Agency of anticipated business rates on large newly occupied commercial properties in the borough such as The Place, Sea Containers House and additional floors of The Shard. This has allowed us to increase our estimate for growth in retained business rates from the £2.5m we were forecasted in October to £5m.

At the time of writing we are still awaiting the Chancellor of the Exchequer's Autumn Statement and in particular confirmation of whether the government will again provide a council tax freeze grant. The statement is expected on 3 December and any relevant information arising will be provided as an addendum to this report.

We are currently in the midst of public and stakeholder consultation on the spending challenge including discussions with community councils, the youth council, pensioners forum, voluntary & community sector and forum for equalities & human rights and also a number of community conversation street stalls. If possible I will provide some interim feedback from these events at cabinet.

## **RECOMMENDATIONS**

That cabinet:

1. Note the actions taken to address the £31.4m gap between funding available and general fund spending, reported to cabinet on 21 October.

2. Note that, at the time of writing, the autumn statement was expected to be delivered on 3 December, and provisional 2015/16 settlement figures are expected on 17 December.
3. Note the increasing importance that the generation, and retention of increased business rates revenues, above the levels forming the council's settlement funding assessment, have on the ability of the authority to set a balanced budget.
4. Note the changes in the council's estimates of grants due to the council in 2015/16 as shown in paragraphs 36 to 56.
5. Note that as requested by cabinet on 21 October, an amount of £700k will be included in the budget proposals to support the council's Southwark Emergency Support Scheme (SESS) at current levels for the duration of this policy and resources strategy.
6. Note that, budget consultation continues, and feedback will be included in the policy and resources strategy report to cabinet in January.
7. Note that the January report to cabinet will be considered by the overview and scrutiny committee, and that any recommendations arising which are agreed by cabinet will be incorporated into the final report to cabinet on 10 February 2014 for recommendation to council assembly on 25 February 2015.
8. Note that following an announcement by the Secretary of State for Communities and Local Government on 25 October 2014, any proposals to introduce a local supermarket levy will not be allowed by the government.
9. Instruct officers to submit a further report including the 2015/16 provisional settlement figures, incorporation the feedback from the Southwark Spending Challenge, setting out a balanced budget for 2015/16 for consideration by overview and scrutiny committee, and approval by cabinet on 27 January, for recommendation to council assembly on 25 February 2015.

## **BACKGROUND INFORMATION**

10. The cabinet meeting of October 2014 instructed officers to submit a further report to cabinet in December to include any further settlement information that becomes available, initial feedback from consultation and the revised budget gap, and to continue to work on budget options for a balanced budget in 2015/16 for presentation to the cabinet in January 2015.
11. This report provides updates on those items which have changed since the last report to cabinet.

## **KEY ISSUES FOR CONSIDERATION**

### **2015/16 Policy and Resources Strategy**

#### **The Autumn Statement and provisional 2015/16 finance settlement**

12. The autumn statement is annual update on the government's plans for the economy. It also includes an update on public finances.

13. Decisions included in the autumn statement regarding local authority finances are incorporated into the provisional local government finance settlement.
14. The Autumn statement is expected to be delivered on 3 December and the provisional 2015/15 local government finance settlement on 17 December, there is no further information to include in this report.

### **Changes in Settlement funding assessment (SFA)**

15. Indicative figures from the government show that Southwark faces a further £33.5m (14.7%) reduction in our Settlement Funding Assessment (SFA) in 2015/16. Total resources from government fall from £227.5m to £194.0m.
16. SFA comprises of retained business rates, business rate top-up and revenue support grant. The retained business rates and business rates top-up figures have reduced by £0.5m from those reported to cabinet on 21 October. This is because September RPI (retail price index) is lower than the estimated RPI used by the government in determining indicative 2015/16 figures, see table below

	2014/15 £m	Adjusted 2015/16 £m	Change from 2014/15 £m
Retained business rates	(59.2)	(60.4)	(1.2)
Business rates top-up	(44.1)	(45.1)	(1.0)
Revenue support grant	(124.2)	(88.0)	36.2
<b>Total SFA</b>	<b>(227.5)</b>	<b>(193.5)</b>	<b>(34.0)</b>

17. It is not clear whether RSG will be adjusted to compensate, at this stage of the process it has been assumed that RSG will remain unchanged.

### **Locally generated resources**

18. The scale of cuts in recent years, and currently forecast to continue, likely to be until at least 2020/21.
19. This means that on going, year on year spending reductions, generating limited amounts of income by increasing fees and charges, and support from reserves is not sustainable over the long term.

### **Retained business rates**

20. The legislation that brought in the business rates retention scheme allows local authorities to retain their share (30%) of any business rates growth above the government's baseline funding level.
21. Broadly, a £7m increase in rateable value (after applying the rate of 47p in the £ multiplier as paid by businesses) would generate income to Southwark of £1m. As an example 160 Tooley Street has a rateable value (RV) of £6.0m, generating total business rates income of £3.0m, Southwark's share being £900k. Other local examples include City Hall which yields £600k for Southwark and 7 More London which yields £1.8m.

22. Development in Southwark is continuing to increase, as a result of this an estimate of £5.0m over and above the government's assumptions within SFA, an increase of £2.5m on the estimate included in the October report, has been included in the 2015/16 budget.
23. An estimate of additional income is based on current information regarding large new properties as detailed below. This is subject to the valuation office agency including these properties in the rating list during 2015/16. If the properties are not included in the rating list during 2015/16, the council will receive the retrospective income in a later year.

Property	Estimated additional rateable value 2015/16	Estimated date rates to be paid from	Estimated additional income to the Council 2015/16 (30% of amount paid)
The Place	£12,000,000	01/08/2014	£1,735,200
The Shard *	£8,250,000	01/07/2014	£1,182,915
Cotton Centre *	£1,700,000	01/10/2014	£245,820
1 London Bridge *	£3,000,000	01/10/2014	£433,800
Sea Containers House	£8,500,000	01/10/2014	£1,229,100

\* Part of these properties are currently included in the rating list and these are additional assessments.

24. However, whilst this projected increased in yield is welcome there are some factors that make projecting increased retained business rates difficult to estimate. These include:
- Complex rateable value assessments for new hereditaments undertaken by the Value Office Agency leading to protracted negotiations with and subsequent appeals from rating agents which leads to ongoing delays in the council's ability to bill and collect business rates.
  - Unoccupied assessments – whilst new businesses may be operational, occupation of properties is often phased over a period of time leading to delays in assessment. Properties are often held as incomplete until such time as occupation is possible leaving the council unable to bill for business rates.
  - Assessments where significant refurbishment or reconstitution of the property is undertaken - properties are often vacated over a phased period of time before they are taken out of rating. This can result in significant uncertainty estimating the impact on business rates income due to the phased vacation periods, length of time the property is taken out of rating, type of assessment and what the rateable value or occupation of the assessment will be when it is brought next into rating by the valuation office agency.

The table below illustrates some examples of these type of scenarios;

Property	Rateable Value	Phased vacation / Taken out of rating	Estimated lost income to the council (30%)
Harmsworth Quays	£1,740,000	Phased vacation from 08/05/12, taken out of rating from 01/08/13	£427,194
1 London Bridge	£5,234,250	Taken out of rating from 10/10/11	£1,496,472
Cotton Centre	£2,670,000	Taken out of rating between 10/10/11-05/03/14	£479,189
Sea Containers House	£12,237,000	Taken out of rating from 03/01/12	£3,498,558

25. The council remains proactive in addressing issues with the Valuation Office Agency including significant levels of outstanding rating appeals. The Valuation Office Agency customer satisfaction results of 53% demonstrate that this is not just a local but a national issue.
26. The October report included reference to Derby City Council's proposal under the Sustainable Communities Act 2007 to introduce a local supermarket levy. On 25 October 2014, Local Government Secretary, Eric Pickles MP, announced that local authorities would not be able to implement additional business rates on large shops and supermarkets and wrote to Derby City Council following their proposal, stating that the government would not support this move.

### **Council Tax**

27. Variations in council tax base have less of an impact than business rates. To yield an additional £1.0m in council tax revenues, the taxbase would need to rise by some 1,100 (1.3%) band D equivalent properties.
28. Current budget estimates are assuming a 2% increase in the tax base (around 1,800 band D equivalent dwellings) yielding an additional £1.6m. A 0.25% increase in collection has also been assumed, yielding a further £0.2m, as such, an additional £1.8m is being assumed in the budget estimates. The council tax base for 2015/16 will be agreed at council assembly on 21 January 2015. The Policy and Resources 2015/16 report to 27 January cabinet will contain updated council tax figures using the agreed tax base and collection level.
29. Since 2008/09 Southwark's band D council tax has remained frozen at £912.14. Since its inception in 2011/12, Southwark have taken full advantage of the council tax freeze grant.
30. If 2014/15 council tax had been increased to the current maximum (2%) before a referendum would have been required, an increased yield of some £1.6m

would have been raised, this would have been tempered by the loss of £0.9m council tax freeze grant, giving a net increase of around £0.7m.

31. The threshold limit for 2015/16 is yet to be determined, but will likely be close to the current (October) CPI level of 1.3%, in December 2013 CPI was 2%
32. While benefiting from the council tax freeze grant, not increasing council tax has reduced the amount of council tax revenues that can be raised.

### **Council Tax Collection**

33. The collection fund records the amount of council tax and NNDR receipts collected compared with the revenues that were expected when the budget was set.
34. The council tax collection fund is currently forecasting a surplus in 2014/15, as a result an estimate of £1.5m has been included in preparing the 2015/16 budget options. This is a one-off adjustment and will not form part of the ongoing base budget. A more detailed explanation of the collection fund position is included in the quarterly revenue monitoring reports.
35. The 2014/15 estimated collection fund position will form part of the 2015/16 council tax base report to council assembly on 21 January. The 27 January report to cabinet will reflect the decisions made at council assembly.

### **Changes in Grant Funding**

#### **New Homes Bonus and the local growth fund**

36. Since 2014/15 all of the general fund element of the New Homes Bonus has been used to support the revenue budget.
37. Southwark are currently forecasting general fund generated NHB receipts of £12.8m in 2015/16, an increase of £2.6m over the £10.2m 2014/5 funding currently supporting the general fund budget.
38. After topslicing the allocation to be passed on to GLA pool, Southwark would receive £8.3m and the remaining £4.5m would go to the GLA.
39. This represents a net reduction in NHB of £1.9m over the sum included in the 2014/15 budget to support revenue funding. This reduction has been included in the current budget calculations and has not changed since the October report.
40. Grant allocations included in the provisional finance settlement will be included in the January report to cabinet.

#### **Better Care Funding**

41. The governments indicative 2015/15 spending power reduction for Southwark of £18.8m included £10.2m for better care funding, and gave the impression that this funding was all available for use by Southwark, this assumption was included in the budget report to October cabinet which reported a forecast budget gap of £31.4m.

42. This funding is not Southwark's money, and use of this grant will be determined by an agreement between Southwark and the CCG.
43. Following the council's successful submission to NHS England, which was favourably received and was given an automatic green light, this funding has been removed from the projections and will be used in accordance with the Health and Well being Board's approved submission.

#### **Local Welfare Provision (Social Fund grant)**

44. There is no change to the budget scenario for the local welfare provision grant which assumes the removal of both grant income and expenditure budgets, a net zero effect on the budget.
45. Following a judicial review on the termination of this grant, on 10 October the government entered into consultation into how local welfare provision should be funded in 2015/16. The government is giving local authorities three options on how the grant reduction should be presented, but no new money is being proposed:
  1. Funding from existing local government budgets,
  2. Local welfare provision would be separately identified within the authority's settlement funding assessment,
  3. Topslice revenue support grant to fund a section 31 grant.
46. Local authorities were also given the opportunity to propose their own solution.
47. The consultation ran until 21 November, Southwark have submitted a response to this consultation, this was reported to cabinet on 18 November 2014.
48. The 2015/16 budget projection now includes funding of £700k for the Southwark Emergency Support Scheme (SESS).
49. The SESS Scheme is operated as a voluntary sector model through Community Action Southwark. The majority of items provided in the past relate to goods such as cookers, fridges, and starter packs for families. The council has made some payments in emergencies for utilities via the credit union, and also for food vouchers via Pecan. The council has a partnership with St Giles for rent deposits for ex offenders.

#### **HB Admin subsidy, localised council tax support and council tax support**

50. The report to October cabinet highlighted the uncertainty of future funding for HB Admin subsidy, localised council tax support and council tax support grants, due to the upcoming move to universal credit.
51. Draft 2015/16 allocations have now been announced for these grants, and show an overall grant reduction of some £0.5m, although it is unclear how this fits in with the transfer of staff to the single fraud investigation service (SFIS) is currently still unclear.
52. It is expected that more definite grant allocations will be announced with the provisional local government finance settlement in December, and these will be reported to cabinet as part of the budget report in January..

### **Free School Meals**

53. No changes have been made to assumptions on free school meals grants. In terms of expenditure, £200k is now included to ensure the rollout of the scheme to the increasing numbers of pupils.

### **Public Health Grant**

54. Public Health grant is ringfenced to public health related expenditure, and the 2015/16 public health grant will be frozen at 2014/15 levels.
55. It is therefore important that we seek to ensure that this grant is spent appropriately and in line with council priorities for public health expenditure,
56. Public health grant will continue to be used to support public health priorities.

### **Budget Pressures and Commitments**

57. Following the agreement on local government services pay 2014 – 2016 in November, provision has been made to fund the full cost in 2015/16. The structure of the award means that an additional £2.1m has been included, £300k higher than the estimate reported at October cabinet.
58. No changes have been made to the “alternative inflation” figure for long term contracts. Officers continue to negotiate with all contractors in order to minimise inflationary increases on contracts.
59. Losses in spending power, and particularly in grant funding have led to severe budget pressures. As a result of this, no allowance for general inflation effects has been provided for in the budget since 2010/11. Other costs and income have now been increased and are therefore shown as cash limited with zero increase, meaning the council is absorbing inflationary pressures.
60. Concessionary fares (“Freedom Pass”) costs are charged to individual London Boroughs on the basis of journeys travelled. Cost pressures include an additional £800k for concessionary fares based on London Council estimates. The increase in concessionary fares will arise from changes in usage as and TfL inflationary increase. The 2015/16 allocations will be discussed at London Council’s Transport and Environment Committee on 11 December.
61. The council continues to work towards meeting the Southwark ethical care charter commitments, and agreements are currently in place with two major contractors. Work continues on this, and firmer estimates of the full cost, and the phasing of these costs will be included in the report to cabinet in January.
62. Work is currently underway to identify the costs of meeting the council plan priorities, any additional costs arising from this will form part of the balanced budget report to cabinet in January 2015.

### **Actions to meet the challenge**

63. A number of measures to meet the challenge of delivering a balanced budget in 2015/16 have already been taken and are incorporated in budget projections.



64. These include the prudent use of reserves. In years prior to 2012/13 reserves were used to balance the budget, but the first call on the proceeding years balance was the replenishment of the reserve.
65. As with previous years, the use of reserves will be required to support the budget. Current forecasts for 2015/16, require a further £6.2m to be taken from reserves. The effect on reserves has been somewhat mitigated because there has not been any call on the contingency budget, allowing it to be put into reserves to support the budget process.
66. The Strategic Director of Finance and Corporate Services recognises and accepts that it is necessary to make some prudent use of balances through the period of introduction of new funding arrangements for local government and the general cutbacks in public expenditure. He recognises also that this expedient can only be short term and that year on year the council target must be to remove any dependency on reserves and balances order to reconcile resources with spending needs. The 2015/16 budget proposals include a further £6.2m use of reserves.

### **Efficiencies, income and savings**

67. For 2015/16, savings are required which represent a reduction of some 10% in net revenue expenditure. As far as is possible, departments are seeking to weight these actions towards back office costs to protect front line services.
68. Since 21 October Cabinet, officers have been working on budget options for 2015/16 within their departments.
69. Officers have also identified four cross cutting themes intended to identify transformational efficiencies and savings by reducing and integrating services, managing down demand, multi agency working and moving to digital by default. Four groups have been working on identifying efficiencies and savings from these four work streams.
70. A full set of savings proposals will be reported to cabinet on 27 January 2015, and will take account of the outcomes of consultations with the public and cabinet members.

### **Budget Consultation – Engaging with the community**

71. Extensive budget consultation was undertaken to inform the 2014/15 budget, and the main themes arising have continued to guide the preparation of the 2015/16 budget. These include maximising efficiencies rather than service cuts, and continuing to protect front line services supported by savings from back office functions.
72. The Southwark Spending Challenge on the 2015/16 budget held at community councils and other forums commenced on 10 November to conclude on 6 December. At the same time the council is has undertaken a consultation on the draft council plan, which will also inform the budget process.
73. The consultation took the same format as for 2014/15. The community were asked to identify services that they consider should be kept, increased, cut or protected, with the aim of identifying £90m in savings over the years 2015/16 to 2017/18.

74. If available the initial results of the budget consultations will be reported as an addendum to this paper, and in full to January cabinet as part of the budget setting process, and will be taken into account as the budget is prepared.

### **Voluntary and Community Sector (VCS)**

75. The VCS has an essential role to play in Southwark and VCS organisations are a key partner in working with the council to ensure that our most vulnerable residents and communities are protected. In facing the challenges that the financial climate gives us the council and the VCS have had to and will continue to have to change and modernise the way we work.

76. The council is committed to working together with the VCS and drawing on the expertise and experience that exists across all our partners to strengthen the resilience of the VCS including through working with our partners Community Action Southwark (CAS) on VCS modernisation and change.

77. In each of the last four years the council has written to all funded voluntary sector organisations outlining the council's process for decisions on funding for the current year. In each case, because of the central government timescale for announcing our financial settlement, we have not been in a position to give as much notice as we want on funding decisions for the next financial year. The council will once again be writing to all VCS funded organisations pointing out that:

- over this period the government cuts have meant unprecedented reductions to the funding that the council receives.
- as in previous years, because of the government timescale for notifying us of our settlement for the coming financial year we as yet have no certainty on what our funding will be for 2015/2016.
- Work is ongoing to consider a range of savings options
- the large scale of the budget gap that we face for the coming year with likely similar gaps in the following two years
- despite a reduction to the council's budget of around 25% over the past 3 years, the impact overall on voluntary sector programmes to date has been significantly less and that while we will do whatever we can to support the VCS, it clearly becomes harder to sustain the current level of support as further cuts begin to bite.

78. The letters also:

- make a commitment to giving 3 months' notice where there are funding reductions from the date the council sets its budget (or when a commissioning decision is taken if this is later than budget setting) to allow VCS organisations to plan for any impact.
- Point out that while difficult decisions have had to be taken in recent years the council remains committed to continued working with partners at this time of unprecedented budget reductions. We recognise the impact that cuts may have and that in the past three years we have put in place a range of options to lessen the impact. These have included the £1.5 million voluntary sector Transition Fund, with £1,141,000 awarded to date; and the Health & Community Services Innovation Fund.

79. The scale of the challenge facing us has also been discussed with VCS representatives at meetings hosted by Community Action Southwark and at the quarterly council/VCS liaison committee meetings. These have also discussed the challenge to the community and the VCS that the scale of the challenge could mean the council no longer delivering services and the role of the sector in this.

### **2016/17 and 2017/18 Policy and Resources strategy**

80. No indicative announcement has been made with regard to funding beyond 2015/16, however the 2014 Spending Review did announce high levels of funding reductions for the entire period of the spending review. London Councils have modelled further reductions in funding for 2016/17 and 2017/18. These will need to be challenged and verified as they appear to show a disproportionate effect on London compared with elsewhere, and on Southwark in particular
81. At the present time, the funding position beyond 2015/16 is therefore subject to considerable uncertainty and compromises sound financial planning for local authorities.
82. Advice received from London Councils suggests that local authorities should expect cuts of the same magnitude in 2016/17 and 2017/18. The council's budget consultation, explained in paragraphs 71 to 74 is seeking comments in the context of savings of £90m over three years.
83. This advice is borne out by current opinion that the continued protection of health, education and overseas aid would require council, police and fire budgets to be further reduced by a further 15-20% in real terms over the five years following the 2015 spending review.
84. The extent of these cuts are unprecedented in local government when set against the substantial savings already made since 2010/11.
85. For long term financial planning purposes, it would be desirable to be able return to full three year budgeting, at least, and this is a recommendation from the external auditors. However the lack of information from government in terms of indicative funding for 2016/17 and 2017/18 make it difficult to construct a robust financial plan. The council will be guided by further information arising following the 2015 spending review and any possible changes to overall government funding allocations to the benefit of local government. The council will keep under review the capacity to establish and publish a meaningful long term budget.
86. Some services have been brought in-house by the council, which has enhanced service delivery and increased efficiency of those services. It should be noted that as more services are delivered in house rather than by contract, this could lead to the need to make even greater savings from staffing, rather than from contracts.

### **NEXT STEPS**

87. Work is continuing to develop the budget proposals and includes the work undertaken by officers looking at reducing and integrating services, multi-

agency working, managing down demand and digital by default. In addition the council will continue to look at the effectiveness and efficiency of back office services. Proposals around strategic finance issues such as bad debt provision will be explored. At all times the council will need to be mindful of the minimum level of statutory services, Further to this report, officers will consider further options and present a further report to cabinet on 27 January 2015. However it is unlikely that the final 2015/16 finance settlement will have been announced in time for this to be included in the report. If the provisional settlement is announced before cabinet a briefing will distributed either before or at the meeting as time allows.

88. A timetable of scheduled meetings leading up to council tax setting is shown below, as detailed on the forward plan.

<b>Date</b>	<b>Meeting</b>	<b>Report</b>	<b>Summary of decision to be made</b>
27/01/15	Cabinet	Policy and Resources Strategy 2015/16 - 2017/18 - revenue budget	Cabinet to recommend a balanced budget for 2015/16 to council assembly in Feb 2015
Tbc: 19/01/15 or 07/02/15	Overview and Scrutiny	Policy and Resources Strategy 2015/16 - 2017/18 - revenue budget	OSC to review the budget proposals and make recommendations to cabinet
10/02/15	Cabinet	Policy and Resources Strategy 2015/16 - 2017/18 - revenue budget	To recommend a balanced budget for 2015/16 to council assembly in February 2015
25/02/15	Council Assembly	Policy and Resources Strategy 2015/16-2018/19 revenue budget	To agree a balanced budget for 2015/16
25/02/15	Council Assembly	Setting the Council Tax 2015/16	To set the council tax levels for 2015/16

### **Community impact statement**

89. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the 2014/15 budget, each department will undertake equality analysis on its budget proposals.
90. Undertaking equality analysis will help the council to understand the potential effects that the budget proposals may have on different groups. The analysis will also consider if there may be any unintended consequences and about how these issues can be mitigated. Analysis will also be undertaken to consider any cross-cutting and organisation-wide impacts.
91. The equality analysis undertaken will build on previous analysis including the equality impact assessments carried out as part of 2013/14 budget setting and the equality analysis undertaken on decisions to implement the budget this year. The development of equality analysis will commence now to ensure that it informs decision making at each stage of the budget process.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Director of Legal Services**

92. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
93. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
- Eliminate unlawful discrimination harassment and victimisation
  - Advance equality of opportunity between people who share protected characteristics and those who do not
  - Foster good relations between people who share protected characteristics and those who do not.
94. Decision makers must understand the effect of policies practices and decisions on people with protected characteristics.
95. Equality impact assessments are the mechanism by which the council considers these effects. The report sets out how it is proposed equality impact assessments will be undertaken in relation to the budget proposals.
96. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2014/15 to 2016/17: cabinet 28/01/14	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4554&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4554&amp;Ver=4</a>		

## APPENDICES

No:	Title
None	

## AUDIT TRAIL

<b>Cabinet member</b>	Councillor Fiona Colley, Finance, Strategy and Performance	
<b>Lead officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report author</b>	Jennifer Seeley, Deputy Finance Director	
<b>Version</b>	Final	
<b>Dated</b>	28 November 2014	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to constitutional team</b>	28 November 2014	