

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 18 July 2017	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Policy and Resources Strategy: 2017-18 and 2018-19 Updated Financial Remit	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley Finance, Modernisation and Performance	

### **FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE**

This report formerly kicks off our budget planning for 2018-19 which will culminate in setting the budget and council tax next February.

At this stage there are a great many assumptions and uncertainties - but what we can forecast with confidence is that despite rumours that "austerity is over" we still face a further £13.5m cut in settlement and grant funding from government next year!

We must add to this challenge an early estimate of £6m of inflationary and pay pressures on the budget and the fact that we can no longer afford to support the annual budget with a £3.7m contribution from reserves.

More positively we are predicting a £700,000 growth in income due to housing growth, business growth and ever improving council tax and business rate collection rates.

The continuing crisis in Adult Social Care Funding means that we are working on the assumption that we will need to impose the maximum Adult Social Care levy of 3% to raise an additional £2.7m for social care. Potentially we will be able to access a further £3.4m of Improved Better Care Fund money to help fill our budget gap. However, this is subject to the agreement of the CCG and other partners as well as the council, so it is as yet unclear how much of this funding, and indeed the fund for this financial year, will be able to be used to support existing social care services. Decisions on Better Care Fund are due to be taken in the autumn, although it is of real concern that there continues to be new guidance emerging from government almost six months after we set our budget and this is making the future planning of finance to support our residents increasingly difficult in what are already pressurised circumstances.

Taken all together we estimate that the council faces a budget gap somewhere between £16.4m and £19.9m.

With this in mind, and as ever our Fairer Future Budget Principles and Council Plan, we are asking officers to start drawing up proposals for efficiency savings, income generation and service reductions which will allow us to fill this significant financial gap and present a balanced budget for 2018-19.

## RECOMMENDATIONS

That cabinet note:

1. The spring government budget announcements including:
  - Adult Social Care (ASC) supplementary funding for the Improved Better Care Fund of £7.471m in 2017-18, reducing to £4.497m in 2018-19 and £2.223m in 2019-20 (paragraph 18)
  - A Business Rate Discretionary Support Fund allocated to local authorities for 2017-18 to 2019-20 (paragraph 27)
  - Increased targeted support for those businesses that lost Small Business Rate Relief entitlement as a result of revaluation 2017 and business rate discount for smaller public houses (paragraph 27)
  - The allocation of ring-fenced Flexible Homelessness Grant of £2.670m in 2017-18 and £3.165m in 2018-19 to be utilised in prevention of homelessness (paragraph 23).
2. That cabinet will receive a report in early autumn regarding the Discretionary Business Rate Relief (paragraph 29).
3. It is proposed that a budget is prepared for 2018-19 on a one year basis, recognising the funding uncertainties of the provisional settlement and the enduring budget pressures within Children's and Adults' Services (paragraph 17).
4. That the indicative resources available for 2018-19 budget (Appendix A) indicate a budget gap of between £16.440m and £19.894m (the extent to which the council can fully utilise the additional £3.454m of Improved Better Care Fund impacts on the size of this gap).
5. That this budget gap would reduce by £1.800m should the council decide to increase council tax by 2%.
6. This indicative budget is prepared on the following national and local factors:

### National factors

- Known reduction of £13.594m in government resources from the Settlement Funding Assessment (SFA) and reduction in specific Grant Funding
- Inflation and pay award pressures of £6.000m have been provisionally assumed, subject to further analysis.

### Local factors:

- Increase of £3.400m of resources generated through council tax and business rates including the utilisation of powers to raise the council tax precept by 3%
- Retaining a £4.000m contingency within the overall budget to support in year cost pressures
- No utilisation of reserves have been included

- An assumption that the Budget Recovery Board is successful in addressing the underlying cost pressures within Children's, Adults' and Public Health (paragraph 55 to 59).
7. The key areas of risk for Southwark arising from the provisional settlement reported to cabinet are the ability to fully utilise the improved better care fund, lack of certainty for Business Rate Retention, New Homes Bonus, the levels of reserves, budget pressures arising from Children's and Adults', inflation increases and new commitments (paragraph 63).
  8. The budget risks within the Dedicated Schools Grant as set out in paragraph 60.
  9. The revenue and capital outturn position and utilisation of reserves will be reported at the cabinet meeting in July. This will be a key factor to consider when finalising the 2018-19 budget (paragraph 51).
  10. That, a future report will consider the indicative savings and commitments for 2018-19 in order to balance the budget. This will include a review of the original indicative 2018-19 savings reported to cabinet in February 2016, 2016-17 outturn position and the impact of the budget recovery board (paragraph 66).

## **BACKGROUND AND PURPOSE**

11. At the cabinet meeting of 20 September 2016 the Fairer Future Medium Term Financial Strategy and Integrated Efficiency Plan 2017-18 to 2019-20 was considered. This document set out the Fairer Future for All commitment to spending every penny as if it were our own. At a time of unprecedented cuts imposed by central government, the budget will continue to prioritise the promises made in the Fairer Future council plan Council Plan theme to be Fit for the Future. This promise is reinforced with the Fairer Future Budget Principles and will remain the council's prime motivation in Policy and Resources Strategies in coming years.
12. The September 2016 report sets out the provisional grant funding for the period to 2019-20, together with indicative savings and commitments based on the February 2016 cabinet budget report. It was agreed to accept the certainty offered by a four year finance settlement in line with the Local Government Finance Final Settlement to 2019-20.
13. Following this report at the council assembly meeting of 22 February 2017 the balanced budget and council tax for 2017-18 was agreed. This included assumptions for 2017-18 increased council tax and adult social care precept, an initial provision for the improved better care fund and the one-off ASC grant. The report included a planned use of reserves to help mitigate the continued reduction in resources and highlighted the key risks moving forward. These risks include:
  - Pressure on the Children's and Adults Budgets
  - Uncertainty regarding Education Funding
  - Significant reduction in earmarked reserves over the period to 2018-19.
14. Subsequently, on 9 March as part of the spring budget announcement, further funding for Adult Social Care was announced called the Supplementary Improved Better Care Fund (paragraph 18), new Flexible Homelessness Support Grant (paragraph 23) and additional business rate support for those affected by the 2017 revaluation (paragraph 27).

## **KEY ISSUES FOR CONSIDERATION**

15. This report sets out:

- The announcements from the Spring Budget impacting on 2017-18 and beyond which were not available when the 2017-18 budget was set in February.
- An updated financial remit based on these new announcement and current estimated government grant allocations provided by the DCLG.

16. This report updates the available resources initially presented within the Fairer Future Medium Term Financial Strategy and Integrated Efficiency Plan for 2018-19. At this time, there is continued uncertainty regarding government funding and wider economic pressure on inflation and area costs within London (especially housing). On the basis of assumptions made at this time, it is estimated that net savings of between £16.440m and £19.894m will be required in 2018-19. These assumptions need to be continually reviewed for 2018-19. The financial remit report sets out:

- Reduction in government grant funding
- Increased local resources generated
- Increasing inflationary pressures
- Risks regarding accessing the Better Care Fund in full
- The risk of potential budget pressure on general fund resulting from Dedicated Schools Grant cost pressures and funding regulation changes including cessation of the Education Services Grant in August 2017.

17. It is proposed that the budget is prepared on a one year basis for 2018-19, recognising the settlement is indicative. The most significant risk remains the acute cost and demand pressures reported in Children's and Adults' Service. Management action is ongoing to manage these pressures. Progress is monitored via the Budget Recovery Board. However, it is recognised that it will take time to reduce the service underlying cost base of the service. A report on the progress of the Budget Recovery Board will be included as part of the 2016-17 revenue outturn report in July 2017 (see also paragraphs 55 to 59).

### **Supplementary Spring Budget**

#### **Supplementary improved better care fund**

18. A £2bn Supplementary Improved Better Care Fund was announced in March 2017. Southwark's allocations are £7.417m (2017-18), £4.497m (2018-19) and £2.223m (2019-20). These allocations reduce over time as the previously announced Improved Better Care Fund increases over this same period (see paragraph 49).

19. The final conditions of this funding are now available. These require the grant to be pooled with the Better Care Fund unless written ministerial exemption is in place. For pooled funds, local authorities are required to agree spending plans with the CCG for the purposes of meeting adult social care needs, reducing pressures on the NHS, including supporting hospital discharge and the local social care provider market.

20. In context of the known underlying pressures in Children's and Adults' Services, the Section 151 Officer will wish to consider whether it is appropriate to apply for this exemption from pooling.
21. Further guidance was issued on 4 July 2017 for the Better Care Fund during the LGA Conference. This was some months later than had been hoped for and expected. This new guidance has been described as disappointing, the LGA states that '*...the sudden shift in focus, so late in the process to prioritise delayed transfers of care, and the threat of a review of funding allocations if associated targets are not met, is completely unacceptable to local government. Councils cannot now have confidence to plan for the long-term...*' The full implication of this guidance for Southwark and the 2017-18 and 2018-19 budgets is under consideration.
22. As previously, these conditions require the BCF plan to be signed off by the Health and Well Being Board and by the constituent Local Authorities and CCGs (this includes the IBCF). These need to be submitted to NHS England in September 2017. The progress on the BCF plan, together with the implications of this new guidance will be updated as part of the budget monitoring and budget setting processes reported to cabinet.

#### **Flexible homelessness support grant**

23. The spring budget also announced allocations of the flexible homelessness support grant. Southwark's 2017-18 allocation is £2.670m and 2018-19 is £3.165m. This provides £1.761m net additional funding in 2017-18, due to the cessation of the temporary accommodation management fee grant.
24. The Flexible Homelessness Support Grant is intended to transform the way that councils fund homelessness services to give them greater flexibility to prioritise the prevention of homelessness. The government's aim is to enable councils to spend money currently spent on expensive temporary accommodation on stopping people becoming homeless in the first place. To do this, it has changed how councils are funded to manage temporary accommodation for homeless people.
25. The Flexible Homelessness Support Grant is ring-fenced for two years. The government has not stated whether it will continue after 2018-19 or if it will continue to be ring-fenced.
26. Although the flexibility offered by this new grant is welcomed, it is received in the context of continued pressures on the temporary accommodation budget, the limited availability of Discretionary Housing Payments, the impact of Universal Credit.

#### **Business rate discretionary relief**

27. In the Spring Budget, three business rates related announcements were made aiming to mitigate the impact of the 2017 revaluation. It is expected that local government will be fully compensated for the cost of these measures which include:
  - A Business Rate Discretionary Support Fund allocated to local authorities for 2017-18 to 2020-21. A consultation on the allocation and utilisation of these funds closed on 7 April.

- Increased targeted support from 2017-18 to 2021-22 for those businesses that lost Small Business Rate Relief entitlement as a result of revaluation 2017. The support will limit increases in bills to the greater of £600 or the real terms transitional relief cap for small businesses each year.
- A one off (2017-18 only) £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties.

28. The system of rates retention means that this will lead to a reduction in the council's income from retained business rates and the grants received should then compensate for the loss in rate (under Section 31).
29. Local economy and exchequer services are currently reviewing options for the administration of the discretionary business rate relief scheme in Southwark. The discretionary relief policy is a cabinet decision and will be submitted to cabinet in the autumn.
30. The 2017-18 and 2018-19 budget assumes these business rate relief announcements will have a neutral impact on the council's overall resources. Once more information is available, the budget will be updated to reflect the detail of the reduced business rate income and the compensating grant income.

#### Updated financial remit 2018-19

31. The indicative resources for 2018-19 are summarised below, which sets out a budget gap of between £16.440m and £19.894m, dependent on the degree to which the council can fully access the pooled Improved Better Care Funding.

	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
Total Settlement Funding Assessment (SFA)	165.976	158.670	-7.306	Appendix B
Grant funding	45.855	39.567	-6.288	Appendix C
Total revenue from local taxation	108.300	111.700	3.400	Paragraph 34
Use of reserves	3.700	0.000	-3.700	Paragraph 44
<b>Total Resources</b>	<b>323.831</b>	<b>309.937</b>	<b>-13.894</b>	
Inflationary pressure			-6.000	Paragraph 46
<b>Gap excluding IBCF</b>			<b>-19.894</b>	Gap exc BCF
Improved Better Care Fund	9.129	12.584	3.454	Paragraph 49
<b>Gap including IBCF</b>			<b>-16.440</b>	Gap inc BCF

#### Total Settlement Funding Assessment (SFA)

32. The SFA is 4.3% lower than in 2017-18 (and 11.6% lower than in 2016-17), additional detail is provided in Appendix B.

## Grant funding

33. Grant reductions across New Homes Bonus, Public Health, Education Services Grant, Autumn Statement Measures Grant and the Adult Social Care Support Grant are set out in full in Appendix C.

## Revenue funding from local taxation

34. The table below summarises the funding sources raised through business rate retention and council. In total the indicative budget proposes an overall net increase to from locally raised taxation of £3.400m.

Local Resources	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
Business Rate Retention growth	8.700	9.300	0.600	35
Business Rate Retention collection fund surplus	3.900	0.500	-3.400	35
Council Tax baseline	87.500	91.000	3.500	37
Council Tax Surplus / deficit	2.000	2.000	0.000	38
ASC Council Tax precept - 3%, 3%	4.400	7.100	2.700	39
Council tax change - 2%, 0%	1.800	1.800	0.000	42
<b>Total revenue from local taxation</b>	<b>108.300</b>	<b>111.700</b>	<b>3.400</b>	

## Retained business rates and collection fund

35. In addition to the retained business rate assumptions given by the government, authorities are able to generate additional resources through growth in the rateable value of business premises, above the government baseline. The budget has been based on £9.3m assumed growth in 2018-19. For 2018-19, it has been assumed that there will be a £0.500m surplus on collection fund available. The position will continue to be monitored closely and estimates of retained business rates and collection fund balance will be refreshed as necessary.
36. The Local Government Finance Bill which would have facilitated the progression of the implementation of 100% business rate retention has not been re-introduced for this parliament. It is understood that Ministers remain committed to '*...giving local government taking greater control over their income*'. However, it is unclear how this will affect the planned London wide pilot on 100% retention and a 2018-19 introduction date for this is now unlikely. Government however remain committed to a fairer funding review.

### **Council tax and council tax collection fund**

37. The base estimate for 2017-18 allowed for an assumed level of council tax collection of £87.1m net of reliefs (such as single occupancy discount and council tax support). For 2018-19, it has been assumed in the council tax base cash collection for the year will increase to £91.0m on the basis of a target collection rate of 97.2% (2017-18 budget assumed an increase of 0.2% to 97.2%). This £3.9m increase in council tax base funding reflects the target for collection rate and revised council tax base reflecting the impact of increased number of homes in Southwark.
38. In 2018-19, a council tax surplus is anticipated of £2.000m (represents the council's share). These estimates will continue to be monitored and refreshed as needed.

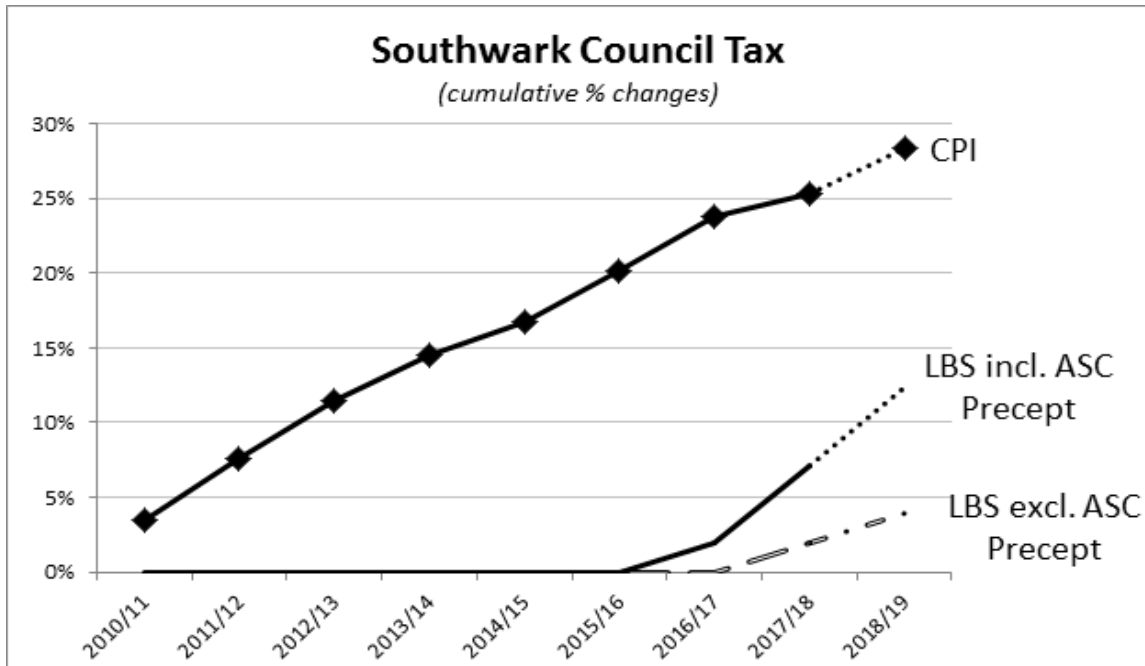
### **Adult social care precept**

39. As part of his autumn statement the Chancellor of the Exchequer announced that local authorities responsible for social care would be given the powers to raise a social care precept of 3% above the council's existing level council tax. This would raise in the region of £2.700m per annum earmarked for Adult Social Care. The budget for Adult Social Care is £80m.
40. As reported in budget monitoring reports to cabinet throughout 2016-17, these national pressures on social care are evident in Southwark with acute cost pressures totalling £15m being reported across Children's, Adults' and Public Health budgets in 2017-18.
41. The indicative budget assumes that a 3% ASC precept will be applied in 2018-19 to continue to protect services for our most vulnerable residents. The additional funds bring the total value of the Adult Social Care Precept to £7.1m (increasing incrementally since 2016-17: (£1.7m 2016-17 plus £2.7m in 2017-18 plus £2.7m in 2018-19).

### **Southwark element of council tax**

42. Councils are able to raise council tax by a maximum of 2% without the requirement to hold a referendum. The current indicative budget assumes no increase in council tax for 2018-19 although this assumption needs careful scrutiny in the context of serious strains on council services and continued reductions in government funding. Should Southwark utilise powers to raise southwark's element of the council tax the available resources to close the current budget gap would increase by £1.800m.
43. The council is committed to the fairer future promise to 'keep council tax low'. Southwark has been able to maintain the seventh lowest level of council tax in London, despite having incurred the largest reduction in government grants. Southwark's council tax would remain below CPI should the 2% council tax increase be applied in addition to the ASC precept of 3%, (CPI is currently running at 2.8%.) as presented in the graph below.





### Reserves and corporate contingency

44. This budget maintains the level of corporate contingency of £4m. However, unlike in recent years, this indicative budget makes no assumptions regarding the use of reserves or balances at this time. This is a direct consequence of appropriate levels of reserves no longer being available as a result of significant cost pressures over the last two years in childrens and adults social care.
45. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one off contributions to the budget are appropriate and affordable. In previous years, this judgment has been facilitated by the availability of unused contingency funds as budgets have met their targets.

### Cost pressures 2018-19

#### Inflation and pay costs

46. Inflation is rising and presents a considerable risk as we move into 2018-19 budget setting. The Office of Budget Responsibility forecast that CPI inflation will increase to 2.4% in 2017 before falling back to 2.3% in 2018. However, the latest CPI is 2.8%. This can be contrasted to the 0.3% increase in CPI in February 2016 when the original 2018-19 financial remit was presented at cabinet.
47. Therefore, this budget proposes £6m of inflationary increases linked to both pay increases (currently at 1% for 2018-19) and contractual inflation.
48. In addition to inflationary budget pressures, other budget commitments will need to be considered as part of the budget setting process, such as:
- Legislative changes such as apprenticeship levy (the cost of this is expected to exceed the existing 2017-18 growth of £500k).
  - Demand pressures in services such as social care, no recourse and temporary accommodation.

- Resources needed to continue to invest and modernise the council and support regeneration projects that aim longer term, support the council revenue budget.

### Better care fund and improved better care fund

49. There is an overall increase in targeted government grant for Adult Social Care of £3.454m as set out below. This is contrasted with the £14.887m budget pressure within Children's and Adults' Social Care services reported in the Revenue Monitoring Report 2016-17 outturn reported elsewhere on the agenda.
50. The ability for this money to be utilised to support council spend on Adult Social Care will be subject to the specific pooling arrangements for the Better Care Fund. The recently issued guidance requires the use of these funds to be developed as part of the Better Care fund planning requirements to cover 2017-19 and is due for submission by 11 September 2017.

	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
Improved Better Care Fund	-1.658	-8.087	-6.429	
Supplementary - Improved Better Care Fund (new)	-7.471	-4.497	2.975	18
<b>Better Care Funding</b>	<b>-9.129</b>	<b>-12.584</b>	<b>-3.454</b>	

### 2016-17 outturn and closing reserves

51. The outturn reports for capital and revenue is being presented at the 18 July cabinet and the 2016-17 draft statement of accounts will be presented to Audit, Governance and Standards committee.
52. The outturn report, presented a balanced budget after the utilisation of £17.961m general reserves and £8.922m ring-fenced Dedicated Schools Grant. The underlying cost pressures within this balanced budget include a £14.887m adverse variance within Children's' and Adults' Services and £4.161m reported within Housing and Modernisation relating to No Recourse to Public Funds and pressures in ICT and facilities management. These variances are described in more detail in the report.
53. The 2017-18 budget set out a net increase in the Children's and Adults' budget of £5.3m and £2m growth for No Recourse to Public Funds which will in part, mitigate the position going forward into 2018-19.
54. The 2016-17 outturn and closing reserve balances, together with the progress made during 2017-18 in reducing underlying cost pressures in Children's and Adults' services, will be key factor for serious consideration when setting the 2018-19 budget.

### Budget Recovery Board (Children's and adults social; care and Public Health)

55. In 2015-16 there were significant budget pressures in Children's and Adults' and Public Health which required utilisation of contingencies from both departmental

and corporate reserves. These pressures coincided with the agenda for increased integration with the health sector and the availability of increasing Better Care Fund grant. The 2015-16 budget was balanced in the expectation that the pressure for 2016-17 would be full recovered.

56. Early in 2016-17 it became clear that demand and cost pressures were continuing and the budget recovery board was set up under the oversight of the chief executive and chaired by the strategic director of finance and governance. The 2017-18 budget was set in February 2017 on the assumption that these pressures (amounting to some £15m in 2017-18) would be offset by a series of actions being managed across the three service areas.
57. Whilst adult social care pressures are in some part relieved by the late announcement by the chancellor in the spring 2017 of increased improved better care funding of £7.417m in 2017-18. However, this only addresses part of the budget deficit and remains subject to the agreement of the local CCG.
58. The Budget Recovery Board continues to meet fortnightly and has oversight of a number of action plans that redress the position with the aim of reconciling the progress of these actions with the council's overall budget position. Through this robust monitoring process, specific officers are held to account for each of these action plans. A Service Director is identified for each plan which includes key milestones for delivery of savings or cost containments, including for example, matters where stakeholder consultation is necessary.
59. The Budget Recovery Board will continue to meet until the Strategic Director of Finance and Governance is confident that the budget position is fully recovered. In this report, the indicative budget for 2018-19 assumes that this recovery will be achieved.

### **Education funding**

60. The 2016-17 outturn position is indicating cost pressures within the Dedicated Schools Grant. In addition there are changes to the regulations reducing the current degree of flexibility within the dedicated grant together with the cessation of the Education Services Grant (ESG) from August of this year. These present a risk of potential cost pressures transferring to the the council's general fund budget for 2018-19.
61. Total Dedicated Schools Grant (DSG) is £199.532m in 2017-18, the funding is made up of three blocks – schools, early years and high needs. Appendix A sets out in detail the key risks for the Dedicated Schools Grant which include:
  - Pressures to fund growing schools
  - The cost of increased business rates on school funding
  - National funding formula for schools proposals expected to reduce overall funding levels for schools with the knock on effect of schools reconsidering affordability of continuing to contribute towards services funded by the local authority
  - Funding pressures on the team that supports school improvement
  - Grant regulation restrictions on the amount of centrally retained early years block impacting on the early years teams, community nurseries and early help offer to schools.
  - Ongoing budget pressures on high needs, with £3.5m of DSG high needs

- contingency reserve being drawn down in 2016-17
- Inflationary pressures, there has been no inflationary increases on the DSG for some years.

62. In this context, it is likely that savings will be needed from within the ring-fenced Dedicated Schools Grant in 2018-19 and further, that a review of expenditure currently charged to the DSG will take place as part of budget setting process in 2018-19. Robust monitoring of the DSG budget will need to be incorporated within the budget recovery board with increased emphasis in 2018-19.

### **Medium term financial strategy**

63. The key areas of risk for Southwark arising from the provisional settlement reported to cabinet are lack of certainty for income sources for Business Rate Retention, New Homes Bonus and ability to fully utilise the improved better care fund together with the levels of reserves.

64. In addition to budget pressures arising from Children's and Adults', inflation increases and new commitments and the risk that dedicated schools grant cost pressures will have a knock on impact on the general fund.

### **Budget consultation**

65. Previous budget challenge exercises told us that residents wanted us to be more efficient and find more cost effective ways to deliver services. Residents also told us that we should cut back office costs and protect frontline services especially for the vulnerable and those most in need. This consultation response has been fully considered and this influenced the budget setting proposals. At this early stage of the process, consideration of the budget savings for 2018-19 are not yet determined. Southwark's budget consultation will follow the "approach to community engagement strategy" agreed in 2012.

### **Next steps**

66. This report sets out the resourcing for the 2018-19 budget setting process. As in previous years a budget challenge process will review the outturn position, consider the savings and commitments previously reported to cabinet in February 2016. Setting the budget is an iterative process, this will be refreshed and a report will be considered by cabinet in the autumn setting out the updated budget proposals for 2018-19 budget.

67. The key steps in the decision making process for establishing the 2018-19 general fund revenue budget are outlined in the table below:

<b>Date</b>	<b>Meeting</b>	<b>Purpose</b>
12/12/2017	Cabinet	Financial remit for budget setting Council Tax base
22/01/2018	Overview and Scrutiny	Comment on and make recommendations in respect of the cabinet's proposed 2017-18 budget
23/01/2018	Cabinet	Consider draft proposals
06/02/2018	Cabinet	Recommend a balanced budget for 2018-19 to Council Assembly

<b>Date</b>	<b>Meeting</b>	<b>Purpose</b>
21/02/2018	Council Assembly	Council Tax setting and approve a balanced budget for 2018-19

### **Community impact statement**

68. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with previous budgets, as savings options are considered to support the budget gap, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings have identified potential impacts more detailed analysis will be carried out, including the cumulative impact across the council.
69. The development of equality analysis informs each stage of the budget process and work continues to update the analysis as further information becomes available throughout the cycle of planning and implementation.

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

#### **Director of Law and Democracy**

70. 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.
71. 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.
72. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.
73. Equality analysis is the mechanism by which the council considers these effects. The report sets out how it is proposed equality analysis will be undertaken in relation to the budget proposals.
74. 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 2016/17 to 2018/19: Cabinet 15/09/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
<b>Link: (copy and paste link into browser)</b> <a href="http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf">http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf</a>		
Policy and Resources 2016/17 to 2018/19 : cabinet 08/12/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
<b>Link: (copy and paste link into browser)</b> <a href="http://moderngov.southwark.gov.uk/documents/b50006501/Supplemental%20Agenda%20No.%201%20Tuesday%2008-Dec-2015%2016.00%20Cabinet.pdf?T=9">http://moderngov.southwark.gov.uk/documents/b50006501/Supplemental%20Agenda%20No.%201%20Tuesday%2008-Dec-2015%2016.00%20Cabinet.pdf?T=9</a>		
Policy and Resources 2016/17 to 2018/19: cabinet 27/01/16	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
<b>Link: (copy and paste link into browser)</b> <a href="http://moderngov.southwark.gov.uk/documents/b50006581/Supplemental%20no.%202%20Wednesday%2027-Jan-2016%2016.00%20Cabinet.pdf?T=9">http://moderngov.southwark.gov.uk/documents/b50006581/Supplemental%20no.%202%20Wednesday%2027-Jan-2016%2016.00%20Cabinet.pdf?T=9</a>		

## APPENDICES

No.	Title
Appendix A	Indicative resourcing for 2018-19 compared to 2017-18
Appendix B	Government Resourcing 2017-18 to 2018-19
Appendix C	Grant funding
Appendix D	Education funding

## AUDIT TRAIL

<b>Cabinet member</b>	Councillor Fiona Colley, Finance, Modernisation and Performance	
<b>Lead officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report author</b>	Jennifer Seeley, Director of Finance	
<b>Version</b>	Final	
<b>Dated</b>	6 July 2017	
<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 Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		6 July 2017