



County Council

Open Report on behalf of Pete Moore, Executive Director Resources and Community Safety

Report to:	County Council
Date:	21 February 2014
Subject:	Council Budget 2014/15

Summary:

The appended Budget Book - "Council Budget 2014/15" describes the budget and council tax proposals recommended to the full Council by the Executive.

Recommendation(s):

It is recommended that the Council:

1. considers the responses to consultation on the Council's budget proposals as contained in the appended Budget Book (Appendix C "Budget Consultation");
2. considers the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of Reserves as set out in the appended Budget Book (Section 10 - "Section 151 Officer's Statement on the Robustness of the Budget and Adequacy of Reserves");
3. approves:
 - 3.1 the service revenue budgets for 2014/15 contained in the appended Budget Book, (Table 2 "Net Service Revenue Budget 2014/15 and change over previous year");
 - 3.2 the capital programme and its funding contained in the appended Budget Book (Section 7 "Capital Programme") and (Appendix L "Capital Programme");
 - 3.3 the County Council element of the council tax for a Band D property at £1,065.69 for 2014/15 contained in the appended Budget Book (Appendix B "County Precept 2014/15");

and agrees that together these form the Council's Budget.

4. approves the Council's Financial Strategy contained in the appended Budget Book (Appendix D "Financial Strategy");

5. approves the prudential targets for capital finance and notes the prudential indicators contained in the appended Budget Book (Appendix K “Prudential Indicators”);

6. approves that the minimum revenue provision (MRP) be based on the asset life method and made in equal instalments over the estimated life of the assets acquired through borrowing as set out in the appended Budget Book (Section 9 “Minimum Revenue Provision”).

1. Background

1.1 The Provisional Local Government Finance Settlement, issued on 18 December 2013, provided the Council with levels of funding for 2014/15. These figures have now been updated in the final Local Government Finance Settlement announced on 5 February 2014. There has been one amendment to the original figures; this is an additional £0.029m on the returned funding element of Revenue Support Grant (RSG).

1.2 The recommended budget is based on a one year financial plan, as opposed to the three-year plan normally adopted. This is due to the uncertainty associated with local government funding beyond 2015/16. There is a lack of clarity regarding Government funding in the medium term, although general trends indicate further significant reductions in funding. Whilst a provisional grant settlement has been published for 2015/16, there is no certainty on the level of government spending beyond then. This will be determined by a comprehensive spending review anticipated in the latter half of 2015, after the next general election. There will be a fundamental review of service priorities and related spending needs prior to setting a budget for 2015/16 and beyond.

1.3 The Council is recommended to take the 2014/15 Council Tax Freeze Grant, enabling the Council to freeze its Council Tax for the fourth consecutive year.

Consultation

1.4 The Executive put forward a budget for consultation at its meeting on 7 January 2014. Since that time comments have been received from Overview and Scrutiny Committees, Businesses, Public Organisations, Trade Unions and individual Council Tax payers.

1.5 A summary of these comments is included within **Appendix C** of the appended ‘Budget Book’ and have been taken into account whilst finalising the budget proposals. The majority of the comments are supportive of the budget.

Equality Act 2010

1.6 The Council must be mindful of its obligations under the Equality Act 2010 and the special duties the Council owes to persons who have a protected characteristic as the duty cannot be delegated and must be discharged by the decision maker. The duty is for the Council, in the exercise of its functions, to have due (that is proportionate) regard to the need to:

1. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

A reference to conduct that is prohibited by or under this Act includes a reference to a breach of an equality clause or rule a breach of a non-discrimination rule.

2. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
3. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it: Equality Act 2010 s 149(1). The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation: s 149(7).

1.7 Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- I. Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- II. Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- III. Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low;

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

1.8 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

1.9 Compliance with the duties in this section may involve treating some persons more favourably than others.

1.10 These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated, both individually and holistically. It is clear that the current and future financial challenges facing local authorities and the need for budget savings will result in changes to service provision and to some reduction in Council services. These will apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

1.11 In order to meet its obligations equality impact analyses will be carried out when the nature of the proposed changes to services and the potential mitigation if any is clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be, regularly reported to the Executive as part of the decision making processes. As part of this the Executive will consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same equality impacts. In this event the usual budget management processes such as virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary.

1.12 The Council is also under statutory obligation in fulfilling its functions to have regard to its Child Poverty Strategy, Joint Health and Wellbeing Strategy and Joint Strategic Needs Assessment.

1.13 In setting its budget the Council is establishing the financial framework for spending in the next financial year. Regard has been given to the above strategies and needs assessment appropriate at this stage for the setting of the financial framework. In implementing their spending plans each directorate will give detailed due regard to the Child Poverty Strategy, Joint Health and Wellbeing Strategy and the Joint Strategic Needs Assessment which will be reported as specific decisions come to be taken.

2. Conclusion

2.1 The budget proposals aim to reflect the Council's priorities whilst operating within much reduced resources. They are based on the use of reserves of £7.905m in combination with further modest service savings of £4.681m.

2.2 The Council will carry out a fundamental review of services to inform the budget for 2015/16 and beyond.

3. Legal Comments:

There is a legal obligation to consult on the development of the Budget. Robust decision making requires that this consultation as well as the section 151 officer's statement on the robustness of the budget and the adequacy of the reserves are taken into account by the County Council in coming to its decision. Compliance

with recommendations 1 and 2 ensures that this is done.

With regard to recommendation 3 under the Budget and Policy Framework Procedure Rules it is for the County Council to approve the Budget.

With regard to recommendation 4 approval of the Financial Strategy is within the remit of the Council.

With regard to recommendation 5, section 3 of the Local Government Act 2003 requires a local authority to determine and keep under review how much money it can afford to borrow. The determination must be made by County Council. The prudential targets include the Council's borrowing limit and must therefore be approved by the County Council.

Regarding recommendation 6, the requirement to make a determination on how to calculate minimum revenue provision is a requirement of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and the statutory guidance that accompanies the regulations. Minimum revenue provision is relevant to the control of the Council's capital expenditure and must be referred to the County Council for approval.

The recommendations are lawful, in accordance with the Constitution and within the remit of the County Council.

4. Resource Comments:

The budget proposals are consistent with the Council's Financial Strategy.

The robustness of the budget proposals and the adequacy of the reserves held by the Council are considered in Section 10 of the appended Budget Book. This concludes that the budget is realistic and that the level of reserves is adequate.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

These are set out in the appended Budget Book (Appendix C - Budget Consultation).

d) Policy Proofing Actions Required

n/a

6. Appendices

These are listed below and attached at the back of the report	
Appendix	Attached separate booklet - "Council Budget 2014/15" - the Budget Book

7. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Report to the Executive 7 January 2014 "Council Budget 2014/15"	Committee Services
Report to the Executive 4 February 2014 "Council Budget 2014/15"	Committee Services

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