

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>19 January 2017</b>
<b>Title of report:</b>	<b>To propose council tax for 2017/18 and approve the 2017/18 revenue budget</b>
<b>Report by:</b>	<b>Cabinet member corporate strategy and finance</b>

## **Classification**

Open

## **Key decision**

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.

And

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

County-wide

## **Purpose**

To agree the draft 2017/18 budget and medium term financial strategy (MTFS) for recommendation to Council on 3 February.

## **Recommendations**

**THAT the following be recommended to full Council on 3 February 2017:**

- (a) the council tax base of 67,937.91 band D equivalents;**
- (b) an increase in council tax in 2017/18 of 1.9%;**
- (c) an additional precept in respect of adult social care costs of 2.0% applied to council tax in 2017/18.**

**Cabinet notes that the impact of the above recommendations will result in a total council tax increase of 3.9%; increasing the band D charge from £1,324.83 to £1,376.50 for Herefordshire Council in 2017/18; and**

- (d) **the balanced 2017/18 revenue budget proposal of £145,025 (appendix 1 to this report) subject to any amendments approved at the meeting, and specifically.**
- i. **the net spending limits for each directorate as at 3.4.1**
  - ii. **the gross revenue budget of £350,438**
  - iii. **delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves.**

**THAT cabinet recommend Council adopts the following:**

- (a) **the treasury management policy statement, appendix 3;**
- (b) **the medium term financial strategy (MTFS) which incorporates:**
  - i. **the capital programme approved by Council on 16 December 2016;**
  - ii. **the treasury management strategy (TMS);**
  - iii. **the reserves policy, as determined by the section 151 officer as a prudent level of reserves.**

## **Alternative options**

- 1 Cabinet can recommend alternative spending proposals or strategies within the constraint of setting a balanced budget for 2017/18. Any alternative proposals must identify sufficient compensatory funding to support additional spending proposals.

## **Reasons for recommendations**

- 2 The council has a legal obligation to set a balanced budget and Council is responsible for approving a budget, based on cabinet's recommendations, in line with the budget and policy framework rules within the constitution.

## **Key considerations**

- 3 The impact of continuing reductions in central government funding to local authorities means that Herefordshire Council is required to make further savings to balance its budget for 2107/18 and in the years to come.
- 4 During the summer of 2016 the council submitted its efficiency plan to government in support of a four year settlement which was accepted and allows the council to more effectively plan for the future as central government grants continue to fall.
- 5 The council has directed its resources to deliver the key services required by residents while reducing overall costs to demonstrate efficiency and ensure good use of resources. In making substantial savings to date, the council will have delivered savings of almost £70m by the end of 2017/18 in response to an 80% reduction in central government funding since 2010.
- 6 A balanced, deliverable budget is proposed which, subject to any approved amendments, is recommended to full Council for approval.

- 7 The section 151 officer is satisfied that the budget represents a balanced, deliverable budget for 2017/18 and that it includes adequate provision for planned expenditure.

## **Community Impact**

- 8 The MTFs and budget demonstrate how the council is using its financial resources to deliver its priorities as stated within the corporate plan.

## **Equality duty**

- 9 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying “due regard” in our decision making in the design of policies and in the delivery of services.
- 10 A number of service specific equality impact assessments have been completed for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010. Individual equality impact assessments will be prepared prior to consultation and delivery of each specific saving initiative.
- 11 The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified. A cumulative equality impact assessment is shown in appendix 5

## **Financial implications**

- 12 The financial implications arising from the council’s revenue budget are fully set out in the report.

## **Legal implications**

- 13 Council is required by statute to set a balanced budget that considers expenditure and funding. Councillors are required to act prudently when approving the budget and council tax so that they act in a way that considers local taxpayers. Councillors in making this decision must give careful and considered regard to:
- a) the report from the chief finance officer concerning the robustness of the estimates and the adequacy of the reserves within the budget proposal;
  - b) the aims of the equality duty and the cumulative impact of the budget proposal as set out in appendix 4 to this report;
  - c) the results of the consultation as set out in appendix 6 to this report, including any alternative options proposed by consultees.
- 14 Cabinet should note that some of the savings proposals may require further development, assessment and consultation

- 15 Cabinet should note that the 3.9% council tax increase is in line with the revised flexibility set of in the 2016 Autumn Statement.

## **Risk management**

- 16 Section 25 of the Local Government Act 2003 requires the chief finance officer to report to Council on the robustness of the estimates included in the budget and the adequacy of reserves when it is setting the budget and council tax.
- 17 The budget has been prepared using relevant, available information, current spending, anticipated pressures and the Government's financial settlement.
- 18 The key risks identified are set out in the MTFs at appendix 4. Risks will continue to be monitored through the year and reported to cabinet as part of the budget monitoring process

## **Consultees**

- 19 Consultation on the budget proposals commenced on 29 July 2016 and ended on 7 October 2016. The consultation sought views on priorities, savings and income proposals and included how we could do things differently. The outcome of the consultation, attached in appendix 6 has informed and guided decisions within the proposed budget.
- 20 There were a total of 280 standard responses to the consultation, of which 241 submitted online and 39 completed paper copies. 171 responses supported an increase in charges for council services above the level of inflation. 148 responses supported Herefordshire Council in making a further increase in council tax above 3.9%.
- 21 The need to improve infrastructure and access to funding and business support were highlighted as what the council could do to improve the attractiveness of Herefordshire to businesses.
- 22 Initial proposals have been reviewed and re-phased following the consultation feedback, particularly areas seen as a higher priority by the public, libraries, community and public transport. The updated savings proposals are reflected in appendix 2.
- 23 The budget proposals have been subject to review and challenge by both of the Council's scrutiny committees and their comments and recommendations reflected in the final proposals.

## **Appendices**

- Appendix 1 Revenue budget summary 2017/18;
- Appendix 2 2017/18 savings plans by directorate;
- Appendix 3 Treasury Management Strategy Statement;

Appendix 4 Medium Term Financial Strategy (MTFS) 2017/18 – 2019/20  
Including:

- Capital Budget, as approved by Council on 16 December 2106
- 2017/18 Treasury Management Strategy (TMS)
- Reserves Policy
- Risk Management

Appendix 5 Cumulative equality impact assessment;

Appendix 6 Summary of budget consultation

### **Background papers**

- The 2016 Autumn Statement and subsequent funding settlements
- Report of the Office of Budget Responsibility 23/11/16
- Reports and Recommendations of HSOSC and GOSC