

Report No.
ED18037

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker: **EDUCATION, CHILDREN AND FAMILIES BUDGET AND PERFORMANCE MONITORING SUB-COMMITTEE**

Date: **17th January 2018**

Decision Type: Non-Urgent Executive Non-Key

TITLE: EDUCATION, CHILDREN AND FAMILIES SERVICES PORTFOLIO DRAFT BUDGET 2018/19

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Chief Officer: Director of Finance

Ward: Borough wide

1. REASON FOR REPORT

- 1.1 The prime purpose of this report is to consider the Portfolio Holder's Draft 2018/19 Budget which incorporates future cost pressures and initial draft budget saving options which were reported to Executive on 10th January 2018. Members are requested to consider the initial draft budget being proposed and also identify any further action that might be taken to reduce cost pressures facing the Council over the next four years.
 - 1.2 Executive are requesting that each PDS Committee consider the proposed initial draft budget savings and cost pressures for their Portfolio and the views of each PDS Committee be reported back to the next meeting of the Executive, prior to the Executive making recommendations to Council on 2018/19 Council Tax levels.
 - 1.3 There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2018/19 Council Tax report to the next meeting of the Executive.
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2. RECOMMENDATIONS

2.1 The Education, Children and Families Budget and Performance Sub-Committee is requested to:-

- (i) Consider the update on the financial forecast for 2018/19 to 2021/22
- (ii) Consider the initial draft 2018/19 budget as a basis for setting the 2018/19 budget
- (iii) Provide comments on the initial draft 2018/19 budget for the February meeting of the Council's Executive

Corporate Policy

Policy Status: Existing Policy

BBB Priority: Excellent Council

Financial

1. Cost of proposal: N/A
 2. Ongoing Costs: Recurring costs – impact in future years detailed in Appendix 4
 3. Budget head/performance centre: Council wide
 4. Total budget for this head £49,830k Draft 2018/19 Budget
 5. Source of funding: Draft Revenue Budget for 2018/19
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Staff

1. Number of staff (current and additional): total employees – full details will be available with the Council's 2018/19 Financial Control Budget to be published in March 2018
 2. If from existing staff resources, number of staff hours – N/A
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Legal

1. Statutory requirement: The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Local Government Act 2000; the Local Government Act 2002 and the Accounts and Audit Regulations 2015.
 2. Call-in is applicable
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Customer Impact

Estimated number of users/beneficiaries (current and projected) - the 2018/19 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.

Ward Councillors Views

1. Have ward councilors been asked for comments? N/A
2. Summary of Ward Councillor comments: Council wide

3. APPROACH TO BUDGETING, FINANCIAL CONTEXT AND ECONOMIC SITUATION WHICH CAN IMPACT ON PUBLIC FINANCES

- 3.1 Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years and includes the Government's provisional core funding allocations for 2018/19 to 2019/20. At the time of writing this report, further details on various grant funding is awaited and it is important to note that some caution is required in considering any projections for 2020/21 to 2021/22 as this represents the Government's next Spending Review period.
- 3.2 A strong economy with growth increases revenues which supports the Government's ability to reduce public sector debt as the gap between finances raised and spend on public services is reduced. It is important to consider the key national issues that could impact on public finances over the next four years. The overall national debt stands at £1.8 trillion and, whilst a national budget deficit continues, will increase further to beyond £1.9 trillion. The Autumn Budget 2017 identified that public sector net borrowing is expected to be £49.9bn in 2017/18. The forecast for the last year of the current Spending Round (2019/20) is for borrowing of £34.7bn and by 2021/22 borrowing of £30.1bn. The Chancellor stated that borrowing is still forecast at over £20bn in the first year of the next Parliament. The Chancellor has previously said that he is committed to returning public finances to balance 'as soon as practicable'. Elimination of the annual national budget deficit is expected to be delayed until at least 2030 on the basis of current economic forecasts. This highlights that austerity for local government is likely to continue for some time. The Autumn Budget 2017 identifies planned Government Spend up to 2022/23. From a local government perspective, there is no significant additional funding and on that basis austerity will continue. Even with the planned Green Paper on social care which has now been delayed until Summer 2018, no additional funding was identified in the Autumn Budget 2017 for social care. Therefore, the fiscal squeeze will continue and, with ongoing protection of health, education, police and other security services, the disproportionate cuts in direct funding to local government will continue over the remainder of the four year spending review period. The impact of funding reductions translates to a reduction in the Council's Settlement Funding Assessment of 37.1% by 2019/20 compared with the England average of 22.66% and London average of 20.6% for the period 2017/18 to 2019/20.
- 3.3 Recognising there are significant funding cuts facing local government, the Government remains committed with the aims of devolution which includes transforming local government and enabling it to be more self-sufficient. The Government views the new flexibilities such as the future growth forecasts from business rates, to be fully devolved to local government by 2020 combined with scope for an increase in council tax for the adult social care precept and the ongoing ability to increase council tax as methods which can reduce the impact of grant reductions. However, it is not the full solution for local government given its costs pressures and service demands.
- 3.4 The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions continuing beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government. There is also an on-going need to consider "front loading" savings to ensure difficult decisions are taken early in the budgetary cycle, to provide some investment in specific priorities, to fund transformation and to support invest to save

opportunities which provide a more sustainable financial position in the longer term. Any decisions will need to consider the finalisation of the 2018/19 Budget as well as the longer time frame where it is now clear that the continuation of the period of austerity remains for local government.

- 3.5 Bromley has the second lowest settlement funding per head of population in the whole of London. Despite this, Bromley has retained the third lowest council tax in outer London (other low grant funded authorities tend to have higher council tax levels). This has been achieved by having one of the lowest costs per head of population in outer London. Despite being a low cost authority, Bromley has achieved general savings of over £90m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base. Further details are provided in Appendix 3.
- 3.6 One of the key issues in future year budgets will be the balance between spending, council tax levels, charges and service reductions in an organisation starting from a low spending base. It is important to recognise that a lower cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.

4. CHANGES SINCE THE 2017/18 BUDGET THAT IMPACT ON THE FINANCIAL FORECAST

- 4.1 The 2017/18 Council Tax report reported to Executive in February 2017 identified a significant “budget gap” over the four year financial planning period. Some key changes are summarised below.
- 4.2 There continues to be upward pressure on inflation and the 2018/19 Draft Budget and financial forecast assumes increased costs of 3.5% per annum for 2018/19 and 2019/20 reducing to 2.7% per annum from 2020/21. The inflation mainly relates to contract price increases. The main measure used for contract price increases is RPIX which is currently 4.0%. The Autumn Budget 2017 reported that inflation (RPI) is expected to be 3.1% in 2018/19, 2.8% in 2019/20 and 2.9% in 2020/21 and 2021/22. Currently RPI and RPIX are 3.9% and 4% respectively. A separate provision has also been reflected in the Draft 2018/19 Budget to meet the future increase in costs of the National Living Wage. Action will need to be taken by Chief Officers to fund increasing costs through alternative savings in the event that inflation exceeds the budget assumptions.
- 4.3 The Chancellor’s Summer Budget 2015 introduced a new National Living Wage with significant cost implications to the Council over the next few years. As previously expected in the financial forecast, the Chancellor announced, as part of his Autumn Budget 2017, further increases in the National Living Wage from April 2018.
- 4.4 The Government will implement the national funding formula for schools, high needs, early years and central fund. The combination in the loss of flexibility of funding between schools funding and high needs has resulted in an estimated funding shortfall of £1m to £2m in 2018/19 and 2019/20. This has major implications for the future funding of growth pressures within Special Education Needs which was previously wholly funded within the Dedicated Schools Grant. Future cost pressures are likely to be funded from the Council’s revenue budget. The Government made available a High Needs Strategic Planning Fund of £139,624 in 2017/18 and “Local authorities can use this fund to carry out a strategic review of their high needs provision. We ask that local authorities prioritise this review and planning activity, working with schools, colleges and other providers, and with parents and young people”. Members approved the release of the monies in January 2017 for the strategic review of Special Educational Needs provision. The outcome will be reported to a future meeting of the Executive.

- 4.5 There are further cost pressures, including the impact of the full year effect of children social care spend in 2017/18 totaling £1,118k. However, there are potential savings arising from the significant previous investment in children's social care services of an estimated £250k in 2019/20 rising to £1m per annum by 2021/22, which has been reflected in the financial forecast.
- 4.6 Details of various grant allocations for 2018/19 are still awaited at the time of writing this report.
- 4.7 Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the significant changes that may follow with a new Government relating to new burdens (there were many changes introduced by the previous coalition Government that resulted in net additional costs for the Council), effect of ongoing population increases and the potential impact of other public agencies identifying savings which impact on the Council's costs, a prudent approach has been adopted in considering the Central Contingency Sum required to mitigate against these risks. If the monies are not required during the year the policy of using these resources, in general, for investment to generate income/savings and provide a more sustainable financial position should continue
- 4.8 The latest forecast indicates that despite having a balanced budget in 2018/19 there remains a significant budget gap in future years that will need to be addressed, particularly from 2020/21.

5. FINANCIAL CONTEXT

- 5.1 Key issues include;
- 5.1.1 Two of the Council's main activities which are grant funded are schools and housing benefits. Both of these areas of spend continue to be ring-fenced.
- 5.1.2 A high proportion of the Council's spend relates to third party payments, mainly contracts, which can limit flexibility to change spend levels as well as providing greater inflationary pressures (e.g. the impact of the National Living Wage).
- 5.1.3 As reported in previous years, the majority of the Council's spend relates to just a few service areas.

6. LATEST FINANCIAL FORECAST

6.1 A summary of the latest budget projections is shown in **Appendices 5 and 6** and are summarised in the table below:

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Variations Compared with 2017/18 Budget				
Grant Loss	8.5	14.0	18.4	22.2
Cost Pressures				
Inflation (including impact of National Living Wage)	9.1	19.1	27.5	34.4
Welfare Reforms and Impact on Homelessness	2.0	4.3	5.8	7.8
Homelessness Reduction Act	0.7	0.7	0.7	0.7
Environmental Services contract & other key contracts	0.0	2.0	4.0	4.0
Full year effect of adult social care spend not funded by IBCF	0.0	1.0	1.0	1.0
Children's Social Care	1.1	1.1	1.1	1.1
Real Changes (see Appendix 6)	2.0	1.6	2.0	2.5
Total Additional Costs	14.9	29.8	42.1	51.5
Income / Savings				
Savings from Office Accommodation Review	0.0	-0.6	-0.6	-0.6
Acquisition of Residential Properties to Accommodate Homeless (Mears)	-1.0	-1.9	-1.9	-1.9
Additional Income Opportunity (Amey)	-0.5	-0.7	-0.9	-0.9
Additional Income from Business Rate Share	0.0	-0.6	-0.9	-0.9
Impact of London Pilots of Business Rates	-2.9	0.0	0.0	0.0
Interest on balances - additional income	-0.6	-0.2	-0.1	0.0
Release general provision in contingency for significant uncertainty/variables	-2.0	-2.0	-2.0	-2.0
Savings from recommissioning/retendering of various contracts	-1.1	-1.1	-1.2	-1.2
Fall out of Commissioning Programme funding	-0.5	-0.5	-0.5	-0.5
Savings from Childrens Social Care linked to Invest to Save funding	0.0	-0.3	-0.8	-1.0
Total Income / Savings	-8.6	-7.9	-8.9	-9.0
Other Changes (includes use of non-recurring funds)				
New Homes Bonus - Support for Revenue Budget	-1.9	0.8	2.8	3.8
Collection Fund Surplus 2014/15 (set aside to meet funding shortfall in 2018/19)	-4.9	0.0	0.0	0.0
Collection Fund surplus 2015/16 (£6401k carry forward to 2018/19 and 2019/20)	-0.7	-5.7	0.0	0.0
Collection Fund surplus 2016/17	-7.9			
Collection Fund surplus 2016/17 set aside to support the 2019/20 Budget	7.9	-7.9	0.0	0.0
Projection of future year collection fund surplus	0.0	-4.0	-3.0	-2.0
Total Other Changes	-7.5	-16.8	-0.2	1.8
Council Tax				
Increase in Council Tax Base to reflect additional properties and increased collection rates	-1.6	-2.3	-2.9	-3.6
Impact of 3.99% Increase in Council Tax (including Adult Social Care Precept)	-5.7	-11.6	-17.8	-24.2
Total Council Tax	-7.3	-13.9	-20.7	-27.8
Remaining "Budget Gap"	0.0	5.2	30.7	38.7

The above table shows, for illustrative purposes the impact of a council tax increase of 3.99% in 2018/19 (including adult social care precept). Each 1% council tax increase generates on-going annual income of £1.4m. The financial forecast assumes an ongoing increase in the Adult Social Care precept beyond 2019/20. It should be noted that the current legislation only provided powers for this precept until the end of 2019/20.

7. DETAILED DRAFT 2018/19 BUDGET

7.1 Detailed draft 2018/19 Budgets are attached in Appendix 1 and 2 and will form the basis for the overall final Portfolio/Departmental budgets after any further adjustments to deal with service pressures and any other additional spending. Under the budget process previously agreed, these initial detailed budgets are forwarded to PDS committees for scrutiny and comment prior to the next Executive meeting in February.

7.2 Appendix 1 sets out the growth and savings attributable to the Education, Children and Families Portfolio

7.3 Appendix 2 sets out:-

- A summary of the Draft 2018/19 Revenue Budget for the Portfolio showing actual 2016/17 expenditure, 2017/18 budget, 2018/19 budget and overall variations in planned spending between 2017/18 and 2018/19
- A high level subjective summary for the Portfolio showing expenditure on employees, premises etc.
- A summary of the main reasons for variations per Portfolio in planned spending between 2017/18 and 2018/19 together with supporting notes.

7.4 Schools Budget

Since 2003/04, the Council has received funding for the 'Schools Budget' element of Education services through a ring fenced grant, more recently through the Dedicated Schools Grant (DSG).

7.5 The implementation of the National Funding Formula (NFF) will begin in 2018/19. Funding has been split into four new blocks, Schools, High Needs, Early Years and Central Spend DSG. The funding splits are detailed in the table below:-

PROVISIONAL DSG FUNDING	SCHOOLS	HIGH NEEDS	EARLY YEARS	CENTRAL	TOTAL
	£'000	£'000	£'000***	£'000	£'000
BASELINE	196,976	47,062	20,000	1,976	266,014
BASELINE ADJUSTMENT	1,540	-1,540	0	0	0
'NEW' BASELINE	198,516	45,522	20,000	1,976	266,014
PROVISIONAL ALLOCATION 2018/19	201,363	46,340	20,000	1,926	269,629
FINAL 2018/19 ALLOCATIONS	205,352	46,634	21,150	1,965	275,101
INCREASE/(DECREASE) £	6,836	1,112	1,150	-11	9,087
INCREASE/(DECREASE) %	3.4%	2.4%	5.8%	-0.6%	3.4%

7.6 The baseline adjustment was made by DfE and is a technical movement of funding and responsibility from the high needs block to schools. Final allocations have been announced and are driven mainly by pupil numbers. The increases being seen in the schools block are

due to primary pupils increasing from 26,803 in the provisional estimate to 27,267, an increase of 1.7%. Secondary pupils have increased from 16,529 to 16,928, an increase of 2.4%. The per pupil increase will therefore be at a lower level.

- 7.7 The High Needs Block is seeing pressures coming through the system. Although there are increases in funding predicted year on year, predictions for expenditure are rising at a faster rate. This is due to growth in pupil numbers in this area, Government extending the scope of the High Needs Block from ages 5 to 19 to 0 to 25 and historical baseline funding adjustments.
- 7.8 Current predictions suggest that there will be a funding shortfall of between £1.0m and £2.0m p.a. for the next 3 years in the High Needs Block
- 7.9 Early Years funding has increased mainly due the extension of the 15 hours entitlement to 30 hours entitlement for eligible families which added an additional £2m of DSG to the block.
- 7.10 The DSG continues to be ringfenced for funding the provision of Education, the vast majority of this has to be passed directly to maintained schools and academies. Further ringfencing arrangements introduced under the National Funding Formula mean that as a rule no funding can move between individual blocks.
- 7.11 However a disapplication to these arrangements can be made. Bromley requested a transfer of £1m (about 0.5% of the Schools Block Grant) from the Schools Block to the High Needs Block which was rejected by the Schools Forum. Bromley has therefore forwarded the case to the DfE for their consideration. A decision is expected shortly.
- 7.12 In previous years the Portfolio Holder has agreed a package of funding to set the Schools budget following consultation with Schools Forum, Head teachers and Governors. The Executive is asked to agree that this process should take place again for 2018/19. Further detail of the DSG is contained within another report on the same agenda.
- 7.13 In 2017/18 a grant was given to Bromley to fund a strategic review of High Needs and SEND provision. This is now underway and recommendations are expected early in 2018. It is hoped that this review will help Bromley refocus some of the areas within the High Needs Block and affect some savings. However efficiencies and savings are expected to be more medium to long term rather than quick wins.

8. IDENTIFYING FURTHER SAVINGS

- 8.1 There were 1,335 statutory duties as at June 2011, as identified by the National Audit Office. There has been no overall reduction in statutory duties to date despite significant funding reductions.
- 8.2 Chief Officers previously undertook “Baseline Reviews” which identified the full cost of services and their resultant statutory and non-statutory functions with scope for achieving savings as well as action to mitigate any negative service impact.
- 8.3 The scale of savings required in future years cannot be met by efficiency alone – there will be a need for a reduction in the scope and level of services. The council will need to continue to review its core priorities and how it works with partners and key stakeholders and the overall provision of services.
- 8.4 A significant challenge is to consider discretionary services which, if reduced, could result in higher cost statutory obligations. Therefore, it is important to consider the risk of ‘unintended consequence’ of reducing discretionary services adversely impacting on the cost of statutory services.

- 8.5 Chief Officers will explore the opportunities for further savings, as well as income opportunities, to address the medium term budget gap.
- 8.6 The Council will need to seek primarily to balance its revenue budget over the financial forecast period and it remains essential to contain Council spending within original budget estimates to mitigate against further cost pressures. However the Council could consider utilising balances, where necessary, to smooth the impact of the savings requirement throughout the period.

9. POSITION BY DEPARTMENT – KEY ISSUES/RISKS

- 9.1 We have seen significant changes to the universal offer in children's services with the redesign of our youth service to give a much greater focus on statutory provision. The potential loss of our universal youth service, a significant source of both referrals and early intervention activities, means that we need to rely heavily on partners to continue to signpost those most at risk to our statutory services, including into the CAF process.
- 9.2 The Bromley Children Project has extended much of its reach to support families who are on the cusp of universal and targeted support. With the Threshold document being published by the Bromley Children Safeguarding Board and the Partnership events taking place with the Head of Service of EIS being the lead this has impacted on a better understanding of multi-agency partnership working and more appropriate referrals to the statutory services. We are evidencing appropriate referrals coming into the MASH which ensures that families are receiving the help they need at the right time by the right professional.
- 9.3 Key challenges remain in reducing children social care caseloads and improving practice to ensure that children and young people are safeguarded. A range of actions are being undertaken to address:
- Recruitment of experienced qualified social workers – at the beginning of the year there was 42% permanent staff resulting in a large spend on agency staff. By the end of the year this will have increased to around 78% with continued attention to recruitment drives as well as 'converting' agency workers – the impact of the roadmap to excellence and to some extent the IR35 change has had impact in Bromley. In addition the visibility of managers, support, small team pods and the vision has added to the change
 - Recruitment of experienced managers and heads of service – all Heads of Service are now permanent and are experienced senior managers – this has been highlighted throughout the monitoring visits by our regulators
 - Setting clear caseload levels – which are monitored (Caseload Promise and Challenge) our caseload promise was between 12 – 15 and we are now around this target with continued drive to recruit this will be on target going into the 2018. This area continues to be a feature at every Governance Board on a monthly basis.
 - Focussed training plan January – March 2017 covering key areas that will improve practice – We have concentrated on a quarterly plan of training to ensure that we capture themes from our audits and practice weeks and other quality assurance activity and can establish 'live and bespoke' training to meet the needs and improve practice and outcomes. We are launching a front line manager course in January which will support training and also the retention of our managers. Our social workers are able to access good quality defined training which has improved practice.

- Continued implementation of the quality assurance framework –We are now entering phase 2 of our quality assurance improvement with new focus around quality rather than quantity and this will further drive us from the current position of requires improvement to Good for the impending full inspection in 2018.
- New arrangements for authorising placements – all placements are authorised by the Director of Children Social Care who chairs the placement panel with our partners to ensure that we share good practice but also financial contribution from our CCG partners.

- 9.4 Pace across all actions needs to be increased and this is being addressed through the refocussed “Children’s Services Improvement Team” meetings and CS Governance Board. Pace has been at the heart of our improvement journey and this has been widely recognised by our regulators who have been impressed with the pace and change that has occurred in children’s social care. The Children’s commissioner recommended to the Minister that Bromley should continue to run its children’s services and that the leadership and improvement made is recognisable but sustainable for the future. In addition the Independent Chair of the Governance Board is a challenge and support to the Local Authority and is now in the position of reporting directly the DfE on a quarterly basis in relation to progress and impact for children.
- 9.5 The ongoing risk to the Children’s service area is the complexity of children requiring a statutory service, the increase and identification of children subject to CSE, Missing and Gangs; some late entrants to care with very complex histories that require specialist placements. In addition whilst the cohort of Looked After children and care leavers remains relatively stable the need for specialist placements outside the area continues to rise. These providers are not within the Pan London agreement and therefore costs have risen over the last year to near 6.9% and likely to increase further with limited placements. In addition the capacity for secure beds across the country is very limited and this has caused the LA to use standalone placements for very complex and risky young people with a high level of support staff which results in further financial burden.
- 9.6 The Social Work Act will have a financial and resource impact in two specific areas – the first being that Care Leavers will be supported by the Local Authority up to the age of 25 years. The second is that any child living within Bromley who has been adopted can expect/apply to be supported by the Virtual School. Children who are adopted from outside this authority are not obliged to ‘register’ and understandably do not always divulge this to their school and therefore the numbers are unknown as is the burden to the LA in delivering these services.
- 9.7 The Education Department continues to deliver effective services at a time when the landscape is an evolving one and presenting considerable financial challenge and providing for increasing complexity of childrens needs requiring a statutory service. The SEND reforms have brought additional funding to support change but the extension of education, health and care plans through to age 25 has yet to work its way through the system and it is anticipated that this will have associated additional financial burdens for the DSG high needs block. The funding for the education capital programme remains uncertain and there is concern that the increased pressure to create bulge classes will create further DSG pressures.
- 9.8 The introduction of the National Funding Formula (NFF) in 2018/19 holds risks for Education. The high needs block funding is insufficient to meet the demands that are currently manifesting themselves.
- 9.9 A disapplication request has been lodged with DfE to transfer £1m of funding from the Schools Block to the High Needs Block to support the increased demand. This is currently

being reviewed by DfE and a decision is expected shortly.

- 9.10 A strategic review of the High Needs Block is currently underway and recommendations are expected early in 2018. However efficiencies and savings are expected to be more medium to long term rather than quick wins.

10. IMPACT ON VULNERABLE ADULTS WITH CHILDREN

- 10.1 The draft 2018/19 Budget reflects the Council's key priorities which includes, for example, supporting vulnerable adults with children and being ambitious for all our children and young people.

11. POLICY IMPLICATIONS

- 11.1 The Council launched the updated "Building a Better Bromley 2016-2018" and the budget proposals reflect the Council's priorities. "Building a Better Bromley 2016-2018" identifies key priorities as follows

- Ensure financial independence and sustainability;
- Invest in our business and our people
- Ambitious for all our children and young people
- Enhance our clean and green Borough.

- 11.2 Ensure financial independence and sustainability priorities include:

- Strict management of our budgets to ensure we live within our means
- Working to achieve the benefits of the integration of health and social care
- Early intervention for our vulnerable residents

12. PERSONNEL IMPLICATIONS

- 12.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2018/19 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

13. LEGAL IMPLICATIONS

- 13.1 The adoption of the budget and the setting of the council tax are matters reserved for the Council upon recommendation from the Executive. The Local Government Finance Act 1992 (as amended) requires the Council to set an amount of Council tax for each financial year and provides that it must be set before 11th March in the financial year preceding that for which it is set. Sections 73-79 of the Localism Act 2011 amended the calculations billing and precepting authorities need to make in determining the basic amount of Council tax. The changes included new sections 31 A and 31 B to the Local Government Finance Act 1992 which has modified the way in which a billing authority calculates its budget requirement and basic amount of Council Tax.

- 13.2 Schedule 5 to the Localism Act 2011 inserted a new section 52ZB in the 1992 Act which sets out the duty on billing authorities, and precepting authorities to each determine whether their relevant basic amount of council tax for a financial year is excessive. If an authority's relevant

basic amount of council tax is excessive, the provisions in relation to the duty to hold a referendum will apply.

- 13.3 The Education Act 2005 introduced the concept of a funding period, which allows for the introduction of multiple year budgets rather than the setting of financial year budgets.
- 13.4 Executive is being requested to delegate the setting of the schools budget funded through the Dedicated Schools Grant to the Education, Children and Families Portfolio Holder.
- 13.5 The making of these budget decisions at full Council is a statutory responsibility for all Members. Members should also have regard to the changes from the Localism Act relating to council tax increases and the recent introduction of the Adult Social Care precept. The Council has a number of statutory duties which it must fulfill by law – although there can be an element of discretion on level of service provision. The Council also discharges a range of discretionary services. The Council is not bound to carry out such activities in the same way as it is for statutory duties – although it may be bound contractually to do so. A decision to case or reduce provision of a discretionary service must be taken in accordance with sound public /administrative law decision making principles. The Council must also comply with the Public Sector Equality Duties in section 149 of the Equality Act 2010. In doing so, the council must have due regard to elimination of discrimination, harassment and victimization, advance equality of opportunity and foster good relations with persons who share a protected characteristic.
- 13.6 The Local Government Act 2003 included new requirements to be followed by local authorities, which includes the CIPFA Prudential Code. This includes obligations, which includes ensuring adequacy of future years reserves in making budget decisions and section 25 of that act requires the Director of Finance to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of the reserves. Further details to support these obligations will be reflected in the 2018/19 Council Tax report to be reported to the February meeting of the Executive.

Background documents	Finance monitoring, Estimate Documents, etc all held in Finance Section
Financial Considerations	Covered within overall report