

**Decision Maker:** ENVIRONMENT AND COMMUNITY SERVICES POLICY  
DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Wednesday 29<sup>th</sup> January 2020

**Decision Type:** Non-Urgent                      Non-Executive                      Non-Key

**Title:** ENVIRONMENT AND COMMUNITY SERVICES PORTFOLIO  
DRAFT BUDGET 2020/21

**Contact Officer:** Keith Lazarus, Head of Finance, Environment, Community & Corporate  
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**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

- 1.1. The prime purpose of this report is to consider the Portfolio Holder's Draft 2020/21 Budget which incorporates future cost pressures and initial draft budget saving options which were reported to Executive on 15<sup>th</sup> January 2020. 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 2020/21 Council Tax levels.
  - 1.3. There are still outstanding issues and areas of uncertainty remaining. Any further updates will be included in the 2020/21 Council Tax report to the next meeting of the Executive.
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2. **RECOMMENDATIONS**

2.1 **The Environment and Community Services PDS Committee is requested to:**

- i) **Consider the update on the financial forecast for 2020/21 to 2023/24;**
- ii) **Consider the initial draft 2020/21 budget as a basis for setting the 2020/21 budget; and**
- iii) **Provide comments on the initial draft 2020/21 budget for the February meeting of the Council's Executive.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Adult Care and Health Portfolio budget setting supports the provision of services to vulnerable adults
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## Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
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## Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Recurring Cost
  3. Budget head/performance centre: Environment and Community Services portfolio budgets
  4. Total current budget for this head: £39.6m (draft 2020/21 budget)
  5. Source of funding: Draft revenue budget for 2020/21
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## Personnel

1. Number of staff (current and additional): Full details will be available with the Council's 2020/21 Financial Control Budget to be published in March 2020
  2. If from existing staff resources, number of staff hours: Not Applicable
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## Legal

1. Legal Requirement: 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: Not Applicable
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## Procurement

1. Summary of Procurement Implications: Not Applicable
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The 2020/21 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.
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

### **3. COMMENTARY**

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

3.1.1. In considering this report, further background information was available through the Members' seminars as follows:

(a) Members' Welfare Reform Seminar on 14th January 2019;

(b) Members' Finance Seminar on 24th June 2019.

3.1.2. Details of the Provisional Local Government Finance Settlement 2020/21, Council-wide Draft 2020/21 Budget and Financial Forecast 2021/22 to 2023/24, and an update on the Council's financial strategy were reported to Executive on 15th January 2020. Members should consider that report in conjunction with this report for the Environment and Community Services portfolio.

3.1.3. 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 outcome of the Provisional Local Government Finance Settlement 2020/21. It is important to note that some caution is required in considering any projections for 2021/22 to 2023/24 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates.

3.1.4. 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. An "Update on Economic Situation which can impact on Public Finances" is provided in Appendix 1 of the report to the Executive.

3.1.5. Local Government has borne the brunt of austerity and savings compared with other areas of Government expenditure. Despite the announcements by the Government that "austerity is over", local government funding remains 'unprotected' and the impact of additional funding for NHS and other 'protected' services results in likely real term funding reductions remaining for local government or even if funding levels are maintained the ongoing demographic and other costs pressures are unlikely to be matched by corresponding increases in government funding.

3.1.6. The financial forecast assumes ongoing funding reductions from 2021/22, at a significantly lower rate, compared with previous years. The Spending Round 2019 provided funding proposals for one year only and the financial forecast assumes that various elements of the additional funding will continue in future years which may be optimistic. For local government the fiscal squeeze is likely to continue, whilst cost pressures remain and to reflect the ongoing prioritisation of funding for health, education, police and other security services.

3.1.7. The Budget Strategy has to be set within the context of a reducing resource base or at the very least cost and demographic pressures not being matched by Government or other external funding with potential ongoing Government funding reductions in real terms, although at a lower level compared with previous years – 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.

3.1.8. Bromley has the second lowest settlement funding per head of population in 2019/20 for the whole of London, giving us £112 per head of population compared with the average in

London of £297 – the highest is £503. 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). If the council tax was the average of the five other low grant funded Boroughs, our income would increase by £25m. The lower council tax level has been achieved by having one of the lowest costs per head of population in outer London. The Council has expressed and continues to express serious concerns with the current and previous governments about the fairness of the funding system and to lobby for a fairer deal for our residents. Despite being a low cost authority, Bromley has achieved general savings of around £100m since 2011/12 but it becomes more challenging to achieve further savings with a low cost base.

## **3.2. SUMMARY OF FINANCIAL FORECAST**

- 3.2.1. Details of the financial forecast are provided in the Draft 2020/21 Budget and Update on the Council's Financial Strategy 2021/22 to 2023/24 report to the Executive on 15<sup>th</sup> January 2020. This shows that even though the draft budget would be broadly balanced next year, the future year's budget gap is projected to increase to £16.9m per annum by 2023/24.
- 3.2.2. Even using a 'best case scenario' that there are no government grant reductions over the four year period, the final budget gap in future years will remain (£7.9m).
- 3.2.3. In the financial forecast, after allowing for inflation, council tax income and other changes we have an unfunded budget gap due to reductions in government funding and net service growth/cost pressures. Therefore significant elements of service growth/cost pressures are effectively unfunded. This highlights the importance of scrutinising growth and recognition that corresponding savings will need to be found to achieve a statutory balanced budget. It is timely as we all have to consider what level of growth the Council can afford and the need for significant mitigation or alternative transformation options.
- 3.2.4. In considering action required to address the medium term "budget gap", the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m have been realised since 2011/12. Our Council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income.

## **3.3. CHANGES SINCE THE 2019/20 BUDGET THAT IMPACT ON THE DRAFT 2020/21 BUDGET AND FINANCIAL FORECAST**

- 3.3.1. The 2019/20 Council Tax report reported to Executive in February 2019 identified a significant "budget gap" over the four year financial planning period. Some key changes are summarised below.
- 3.3.2. The Provisional Local Government Finance Settlement 2020/21, which covers 2020/21 only, provides a significant improvement in funding for local government and represents the most positive funding proposal for local government since austerity began 10 years ago. Some of the proposals may ultimately be for one year only which results in uncertainty for future years.
- 3.3.3. The main measure of inflation for annual price increases for the Council's contracted out services is Retail Price Index (excluding mortgage interest rates) i.e. RPIX. This measure is normally up to 1% above the Consumer Price Index (CPI) level. The Draft 2020/21 Budget assumes contract price increases of 2.3% per annum from 2020/21, which compares with the existing RPIX of 2.3%. Increases of 2.5% per annum have been assumed, at this stage,

from 2021/22. 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.

- 3.3.4. Given the scale of savings identified and any inherent risks, the need for longer term financial planning, the uncertainty on future year cost pressures, significant changes that may follow relating to future new burdens, 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 remaining are not required during the year the policy of using these resources, in general, for investment, generate income/savings and provide a more sustainable financial position should continue.
- 3.3.5. The 2019 Spending Round included an announcement of additional funding (£1bn nationally) that can be used towards children's social care and adult social care. This equates to £4.2m for Bromley. The additional funding should be considered to partly offset the growth/cost pressures identified in the report to the Executive.
- 3.3.6. With a remaining uncertainty on Government funding available in the future and the ongoing requirement for local authorities to be more self-sufficient, there is a need to consider what significant changes are required to manage within this new environment. The required changes relate to opportunities for partnership working, collaboration, reviewing the approach to managing risks, using technology to enable transformation of our services, helping people help themselves (friends groups) and exploring opportunities around community based place shaping led by the Council as a community leader. The Council will need to plan for significant changes including the risk of a future recession. As pressures in statutory services such as adult social care, children's social care and high needs as well as homelessness are growing, the scope to invest in local priorities and services that benefit the widest range of people is reducing. The Council has delivered savings of around £100m per annum over the last 9 years and as the ability to make savings in lower priority areas becomes more problematic. The need for savings in areas that support the Council's key priorities becomes more critical to meet the legal requirements for a balanced budget. The Council will continue to look for ways to operate more efficiently and generate more income but this alone will not be enough to meet the future years' budget gap. The key consideration is how the Council can balance the budget over the next four years. Apart from the core statutory minimum review, Chief Officers are undertaking a transformational review across all services, focussing on higher spend services first with options being presented to future meetings. The outcome of the transformation review will be a key consideration in addressing the budget gap over the next four years.
- 3.3.7. The Environment and Community Services Portfolio Draft 2020/21 Budget includes the first phase of savings identified through the Transformation Programme which equate to annual savings of £0.381m from 2020/21 onwards. A summary of the savings are provided below with more details within Appendix 1:

**Transformation Savings – Phase 1**

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Staffing Vacancy Factor	344	344	344	344
Car Park Initiatives	37	37	37	37
<b>Total</b>	<b>381</b>	<b>381</b>	<b>381</b>	<b>381</b>

- 3.3.8. This key work continues and further proposals will be reported to Members as part of addressing the four year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

### **3.4. DETAILED DRAFT 2020/21 BUDGET**

3.4.1. Detailed Draft 2020/21 Budgets are attached in Appendix 1 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.

3.4.2. Appendix 1 sets out:

- A summary of the Draft 2020/21 Revenue Budget for the Portfolio showing actual 2018/19 expenditure, 2019/20 budget, 2020/21 budget and overall variations in planned spending between 2019/20 and 2020/21;
- A summary of the main reasons for variations for the Portfolio in planned spending between 2019/20 and 2020/21 together with supporting notes;
- A high level subjective summary for the Portfolio showing expenditure on employees, premises etc.

### **3.5. REVIEW OF FEES AND CHARGES**

3.5.1. There will need to be an ongoing review identifying opportunities as the medium term 'budget gap' remains significant. Chief Officers will continue to review fees and charges during 2020/21 to identify opportunities to reduce the future years 'budget gap'

### **3.6. IDENTIFYING FURTHER SAVINGS/MITIGATION**

3.6.1. 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. 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. The Draft 2020/21 Budget includes the first phase of transformation savings identified which are summarised in paragraph 3.3.7. This key work continues and further proposals will be reported to Members as part of addressing the four year financial forecast and meeting the 'budget gap' whilst ensuring key priorities are met.

3.6.2. Local Authorities undertake numerous functions and provide a wide range of services. Some are mandatory and some are discretionary. We cannot stop carrying out functions where we are under a duty to deliver that function or service.

3.6.3. In 2011 Central Government compiled a list of 1,335 statutory duties which local authorities need to comply with. There followed a consultation on a possible reduction in the number of statutory duties. However this was not taken forward at government level, despite local government facing significant grant reductions. The consensus is that rather than decreasing, the number of statutory duties has increased since. For example work recently undertaken on behalf of the Directors of Children's Services indicates that children's services duties have increased by 50% since 2011. Therefore the number of statutory duties Local Authorities need to comply with is now far closer to 2,000 than the 1,335 identified in 2011.

3.6.4. Bromley has undertaken several pieces of work to align its services closely with its statutory duties. As part of the most recent work service leads have completed a template which identifies statutory and non-statutory services within their area to inform and support key

Transformation work and each individual work stream is addressing the extent of the statutory service and savings proposed.

- 3.6.5. As part of the core statutory minimum requirements review, the Council will need to consider an element of early intervention and prevention to avoid the escalation of costs arising from more expensive statutory interventions.

### **3.7. POSITION BY DEPARTMENT – KEY ISSUES/RISKS**

#### **Waste Services**

##### **Waste Disposal Tax**

- 3.7.1. Landfill Tax continues to increase annually by RPI and currently stands at £91.35 per tonne. The Government has confirmed that in 2020/21 Landfill Tax will be £94.15. The procurement of the new waste disposal contract has been successful in mitigating the increase in growth pressure through the use of alternative disposal solutions with the full benefit of alternative treatment facilities becoming apparent in 2020/21.
- 3.7.2. Although the Government has not pursued the introduction of an Incineration Tax, it remains willing to consider this option if the Government's wider policies do not improve recycling rates, having the potential to add future budget pressure due to the use of Energy from Waste (EfW) as a disposal solution in the new service contract.
- 3.7.3. The Dutch Government will implement a €31 (£26) tax per tonne of Refuse Derived Fuel (RDF) imported from January 2020. Currently, 23% of Bromley's waste is turned into RDF and a proportion of this is sent to the Netherlands. The financial risk is held by the Waste Disposal Contractor, who had been seeking alternative facilities that are now secured.

##### **Increasing Property Numbers**

- 3.7.4. Growth in the number of properties incurs additional expenditure, as extra collections are required and additional waste is generated. As part of the new contract additional costs are dependent on property type and the Council is undergoing an exercise currently to ensure that property types are mapped to charges correctly. It is expected that this review will result in additional costs which officers will seek to manage within overall waste budgets, although the ongoing impact will need to be continued to be kept under review.

##### **Local Authority Collected Waste Tonnages**

- 3.7.5. After a long period of falling tonnages, the quantity of municipal waste collected in Bromley had been rising and current projections are that the waste tonnage will be maintained at current levels.
- 3.7.6. In the first 6 months of 2019/20 tonnages have decreased by 164 tonnes (0.2%). The local and national trend for the last few years has been a moderate decrease in waste arising potentially due to decreases in the quantity and weight of packaging, environmental concerns and lower consumer spending. . Although embedded recycling services and waste minimisation campaigns will contribute to restraining increases in waste, a risk still remains that overall waste tonnage will rise as the economy and consumer confidence revives.
- 3.7.7. The average cost of waste disposal for 2019/20 is around £109 per tonne. Each 1% increase in waste tonnage would increase disposal costs by £157k per annum. However, if it is the commercial waste tonnage that increases, the charge to businesses would mitigate this slightly.

## **Recycling Income**

- 3.7.8. Recycling prices remain relatively depressed with no significant recovery expected. This has an impact on recycling income, since recyclate income rates are updated to reflect market indices every 6 months. Current projections are that there will be a small reduction in income of £7k in 2019/20.
- 3.7.9. Within the first eight months of 2019/20, 370 tonnes of paper and card could not be recycled because the moisture content was too high. In addition, the paper mill accepted a further 620 tonnes for recycling but due to the high moisture content did not provide an income for this paper. The loss of income and additional disposal cost was £131k. Whilst long term solutions are being considered, the financial risk will remain for 2020/21.
- 3.7.10. Other factors that are likely to influence recyclate income in 2020/21 include:
- the negotiated Brexit package;
  - implementation of the Resource and Waste Strategy i.e. Deposit Return Schemes;
  - decreased quality of recyclate available for collection; and
  - introduction of a plastics tax.

## **Winter Service**

- 3.7.11. Budgets have historically been based on patterns of spend for precautionary salting, primarily for frost or ice, with relatively little actual snow clearance. During the winter of 2017/18 we suffered from prolonged sub-zero temperatures followed by heavy rain in early spring, which led to an overspend of £66k but it is unclear at this stage whether this is a permanent shift in weather patterns. The Government has commissioned research into this issue. In the meantime there continues to be a significant risk of incurring additional cost.
- 3.7.12. In October 2020 TfL will be introducing a new low emission zone throughout the Capital. The approved capital programme will allow three of LBB's ten gritters to be replaced with compliant vehicles, but a daily charge of £100 will be payable for each of the remaining gritters when they are used during precautionary gritting or snow clearance. Based on a typical winter, it's been estimated that this will result in an addition spend of £22k in 2020/21 and future years until the remaining vehicles are replaced.

## **Highways Contracts**

- 3.7.13. The Highways contracts have price fluctuation clauses based on actual cost indexing, whereas budget increases are based on the BCIS Price Index for civil engineering works. Although the budgets are cash limited, over time the variation between the two will lead to a reduction in spending power in real terms.
- 3.7.14. The highway investment project is nearing completion, although as the revenue budgets for planned highway maintenance of Borough roads and footways are not due to be reinstated until 2022/23, this will increase the demand for reactive highway repairs in the meantime as the condition of the asset deteriorates.

## **TfL Funding**

- 3.7.15. In 2017/18 TfL provided £0.9m for maintenance of the Borough principal roads. This funding was withdrawn from April 2018, and TfL are unable to confirm when future funding will be made available to the London Boroughs. Although this is capital funding, reduced

expenditure in planned maintenance will result in increased revenue costs for reactive and emergency repairs as the condition of the principal roads network deteriorates.

### **Street Lighting Contract**

- 3.7.16. The street lighting invest to save programme has been completed, and future savings from reduced energy and maintenance will be used to repay the 'loan'. With the intense investment period, future expenditure on maintenance will not follow historic spend profiles, i.e. electrical safety inspections are required every six years, which has required one sixth of the stock being tested each year. However, there will be no testing of the LED units during the next five years, although they will all require testing in year six. A similar situation will apply to cleaning and maintenance. The street lighting service has been included in the new highways contract as a fully managed service, which will minimise budget fluctuation between years.

### **Parking**

- 3.7.17. Charges and tariffs for on and off-street parking places are set by LB Bromley. A fundamental review of the Council's charging policy took place during 2011/12, leading to Member agreement to increase prices and simplify the tariff structure. A review of these charges was agreed in February 2015 to cover the period 2015-2019 and a report came to Members in early 2019 in consideration of price increases, which were subsequently agreed and implemented from April 2019. Members are aware of the potential impact of this increase in charges, whilst recognising the pressure on the service to meet its budgeted income in the light of fluctuating demand and inflationary pressures.
- 3.7.18. It should be noted that the parking service operates in a restricted legal environment which cannot include "maximisation of revenue from Penalty Charge Notices as one of the relevant considerations to be taken into account in securing the...movement of traffic" (Traffic Management and Parking Guidance for London).
- 3.7.19. For a number of years there has been a general decline in 'paid for' car parking in the Borough. The introduction of new on-street parking schemes and restricted zones has prevented the reduction from being even greater. Although new schemes will continue to be implemented to meet localised traffic and parking needs, there is no reason to suspect that the downward trend will be reversed, particularly in regard to off-street parking. Again this puts greater pressure on the service to meet its financial obligations. In the changing economic climate it is difficult to make reliable estimates of parking demand in the short to medium term, or forecast the longer term effects on parking behaviour.
- 3.7.20. The Executive agreed a proposal to extend pay & display parking around shopping centre and railway stations which is being rolled out and is improving management of parking in these areas, with associated income.
- 3.7.21. The Shared Service is continuing to perform well and led on a joint tender exercise with Bexley for the provision of all parking functions. The contract was awarded to APCOA and went live in April 2017. The performance of the contract in the first year was poor but has improved since April 2018 and is still the subject of close scrutiny.

### **Traffic Congestion & Road Safety**

- 3.7.22. The Council's ongoing work to reduce traffic congestion and improve road safety is currently funded by the TfL LIP capital programme. In 2019/20 the LIP funding was cut by 15%. There can be no guarantees that further cuts will not follow, although it has now been confirmed that there will be no cuts in 2020/21.

### **Pressures from Public Demand**

- 3.7.23. Apart from the identifiable financial pressures arising from such items as contract costs and price increases, there are other pressures due to growing public expectations, social change and legislation. Increased public expectations of local services may be difficult to respond to during a continuing period of tight restraint on resources.
- 3.7.24. Past surveys of public opinion have shown that four issues were consistently recognised as making Bromley a good place to live. These were low levels of crime, good health services, clean streets and public transport. The Environment and Public Protection department leads for the Council on clean streets and on crime issues, particularly enviro-crime and anti-social behaviour; and the department has an input to TfL and others on public transport. There is continued public demand for high service standards in all these areas.
- 3.7.25. In terms of what needs most improvement in the local area, activities for teenagers, traffic congestion, road and pavement repairs, the level of crime and clean streets were regularly mentioned by residents. All of these service areas are either the lead responsibility of the Environment and Public Protection department (clean streets, road & pavement repairs) or ones to which the department makes a significant contribution.

### **Carbon Emissions**

- 3.7.26. The ambition to have a ten year plan to ensure that the Council will have net zero emissions by 2029 was approved by Council on 16 July 2019. The commitment is one of the most ambitious targets of any London borough and underlines the Council's proud clean and green image including continuing work and investment to reduce its direct emissions. Work to move towards the net zero emissions target will include tree planting, an energy efficiency programme, expanding renewable energy, LED street lighting, and other initiatives.
- 3.7.27. The Council's commitment will require investment and has the potential to increase cost pressures. Some of this work can be covered by existing capital and revenue budgets, or through interest free loans and carbon offsetting S106 payments.
- 3.7.28. In recognition of this, it is proposed to establish a Carbon Neutral Initiative Fund as an earmarked reserve. Any use of these monies will require approval of the Executive. This will provide pump-priming funding of £875k for further new initiatives that will result in further reductions in the Council's carbon footprint whilst reducing its long term energy costs.
- 3.7.29. However, should there be an expectation in the future for the Council to commit to addressing Borough-wide emissions (those of householders and business in the Borough as well as our supply chain), this will require major investment (for example in the retrofitting of households to increase their energy efficiency) and that will present a major financial risk to the organisation. This would require significant funding from central government.

## **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 The Draft 2020/21 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.

## **5. POLICY IMPLICATIONS**

- 5.1 The Draft 2020/21 Budget enables the Council to continue to deliver on its key priorities and the financial forecast enables medium term financial planning allowing for early decisions to

be made which impact on the medium term financial plan. The Council continues to deliver key services and lives within its means.

## **6. FINANCIAL IMPLICATIONS**

6.1 Financial implications are contained within the overall body of the report.

## **7. PERSONNEL IMPLICATIONS**

7.1 Staff, departmental and trade union representatives will be consulted individually and collectively on any adverse staffing implications arising from the Draft 2020/21 Budget. Managers have also been asked to encourage and facilitate staff involvement in budget and service planning.

## **8. LEGAL IMPLICATIONS**

8.1 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.

8.2 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.

8.3 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 fulfil 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 cease 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.

8.4 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 2020/21 Council Tax report to be reported to the February meeting of the Executive.

<b>Non-Applicable Sections:</b>	Procurement Implications
Background Documents: (Access via Contact Officer)	Draft 2020/21 Budget and Update on the Council's Financial Strategy 2021/22 to 2023/24, Executive 15 <sup>th</sup> January 2020. Finance monitoring, Estimate Documents, etc all held in Finance Section