



**London Borough of Hammersmith & Fulham**

**ENVIRONMENT AND RESIDENT SERVICES SELECT COMMITTEE.**

**DATE**

16<sup>TH</sup> January

**TITLE**

Revenue Budget and Council Tax 2012/13.

**Wards**

All

**SYNOPSIS**

This report sets out the Cabinet's proposals for the Council's budget for 2012/13. It also sets out the Executive Director of Finance and Corporate Governance's budget projections to 2014/15 as required by the Local Government Act 2003. Finally, it provides details of the changes to the 2012/13 revenue estimates as they relate to this portfolio.

The Revenue Budget and Council Tax 2012/13 Report will be considered by Cabinet on 30<sup>th</sup> January 2012 and Council on 29th February 2012.

**CONTRIBUTORS**

CHS, CS, ES, FCS, RHO, RS

**RECOMMENDATION(S):**

That the Committee considers the report and makes recommendations to Cabinet via the Scrutiny Board as appropriate.

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**NEXT STEPS**

A report will be presented for consideration by Cabinet on 30<sup>th</sup> January.

## 1. BACKGROUND

- 1.1 This report sets out the main elements of the Cabinet's proposals for setting a balanced budget for 2012/13 and 3.75% reduction in the Council Tax charge. For planning purposes a Council Tax freeze is modelled for 2013/14 and 2014/15.

## 2. OVERVIEW

- 2.1 The Coalition Government came to power in May 2010 with a policy of tackling Britain's largest fiscal deficit in its peacetime history. The 2011 Autumn Statement by the Chancellor set a goal of tackling the deficit by 2016/17. As part of the deficit reduction plan the 2011 Local Government Finance Settlement (LGFS) set out spending targets to 2014/15. For local government, excluding schools, this means an average funding reduction of 26.8% from 2011/12 to 2014/15. Further spending reductions are possible to 2016/17.
- 2.2 For Hammersmith and Fulham, as a grant 'floor' authority the funding reduction is even greater. Formula Grant reduced by 11.3% in 2011/12 and will fall by a further 7.4% in 2012/13. Figures for 2013/14 and 2014/15 are not yet known but the Council's Medium Term Financial Strategy assumes funding reductions of 2.8% and 7.5% respectively.
- 2.3 The 2013/14 position is particularly uncertain because the Government are considering making radical changes to the Local Government Finance system. Under the 'localisation' agenda local authorities may be able to retain an element of business rate growth (or bear a part of any reduction) and be responsible for operating a local council tax benefits scheme.
- 2.4 The budget proposals now presented address the funding challenge whilst also seeking to lower the financial burden faced by local Council Tax payers. Front line services are protected as far as possible whilst resources are focused on local priorities. The continued emphasis on value for money includes taking forward a number of innovative cross-cutting transformational projects both within the Council and with our tri-borough partners.
- 2.5 The scale of the financial challenge facing the Council is summarised in Appendix 1. **Savings of £23m are required to balance the budget in 2012/13 (11% of the Base Budget)**. This savings requirement increases cumulatively to £57m by 2014/15 (27% of the Base Budget).
- 2.6 It is against this demanding background that the Council's revenue budget proposals are now presented to this Select Committee for comment and review. Any feedback will be presented to Cabinet prior to the submission of the budget papers to Council for final approval.

### 3 THE BUDGET REQUIREMENT AND KEY ASSUMPTIONS

3.1 The projection of the medium term budget requirement to 2014/15 is set out in **Appendix 1**. The 2012/13 forecast is summarised in Table 1.

**Table 1 – The 2012/13 Budget Requirement**

	<b>£000s</b>
<b>Base Budget Rolled Forward From 2011/12</b>	<b>214,584</b>
<i>Plus</i>	
Inflation ( <i>para 3.2 refers</i> )	3,617
Contingency	1,862
Growth	3,441
<i>Less:</i>	
Efficiency Savings and Income Generation	(22,687)
<b>Gross Council Budget 2012/13</b>	<b>200,817</b>
<i>Less:</i>	
Core Revenue Grants (unringfenced) ( <i>para 3.9 refers</i> )	(23,322)
Formula Grant 2012/13	(114,921)
<b>Council Tax Requirement</b>	<b>62,574</b>

3.2 **Inflation.** In order to contain growth, no inflation has been applied except where there is a contract in place. A pay freeze is expected and no inflation has been built into the 2012/13 salary budgets. It has also been decided not to hold an inflation contingency for future pay awards but to increase the general contingency instead. This is because the uncertainty around the future economy makes it impossible to predict how financial pressures will manifest. The only certainty is that there will be pressures. Current inflation is above the long-term government target and sensitivity analysis has been undertaken to identify the potential impact should this be on-going. This is identified as a risk in Appendix 4.

3.3 **Fees and Charges.** The budget has been prepared on the basis of an average 2% increase in fees and charges. Exceptions to the average 2% inflationary uplift are detailed in Appendix 5.

- 3.4 **Contingency.** A net increase in contingency balances of £1.8m is proposed to meet in-year financial pressures. In particular there is on-going concern regarding the potential impact on the Council of the economic slowdown. As part of the budget process last year a contingency of £2.4m was established regarding a higher than expected allocation of unringfenced core revenue grants. This contingency has now been released to help meet general budget pressures.
- 3.5 **Formula Grant.** The Government announced a new 2-year Local Government Finance Settlement starting in 2011/12. The Council will receive Formula Grant of £114.9m – a decrease of £25.5m from the comparable 2010/11 allocation and £9.6m from 2011/12. A comparison against the London and National Position is set out in Table 2.

**Table 2 – Formula Grant Decreases.**

	<b>2011/12</b>	<b>2012/13</b>
Hammersmith and Fulham	-11.3%	-7.4%
Inner London	-11.2%	-7.4%
Outer London	-11.3%	-7.9%
National Average	-9.9%	-7.3%

- 3.6 Hammersmith and Fulham is a ‘floor’ authority and receive above average funding reductions. Were the ‘floor’ arrangements not in place our funding allocation would reduce by a further £29m. Under the present formula grant system Hammersmith and Fulham will remain a ‘floor’ authority for the indefinite future.
- 3.7 This authority has long argued that the Formula Grant system is not fit for purpose and continues to press for long term change. The Government issued a consultation paper in the summer on a Local Government Resource Review. This takes a fresh look at the relationship between local authority funding and business rates income. At present all such income (£111m for Hammersmith and Fulham) is paid to the Government and redistributed through the Formula Grant system. The Resource Review raises the prospect that authorities could retain a proportion of their business rates growth (or meet a proportion of any reduction). This authority has welcomed the opportunity to take a fresh look at this issue although it has expressed some concerns regarding the details set out in the consultation paper. It is expected that a new system will be in place for 2013/14.
- 3.8 The Government have also consulted on the localisation of the Council Tax benefits system. This would cut the funding to local authorities by 10% and require each authority to establish a local system of Council Tax benefit. This authority has raised concerns about the practical and financial implications of this change. A potential funding risk of £2m per annum is identified in the risk appendix (4) from 2013/14 onwards.

3.9 **Unringfenced Core Revenue Grants.** As part of the 2011/12 Local Government Finance Settlement the Government replaced a number of specific grant funding streams with new grant allocations that can be used for any purpose. See Appendix 7 for Unringfenced Core Revenue Grant details. This includes new one-off funding of £1.6m for authorities that freeze or reduce their Council Tax in 2012/13. Overall, general government grant funding has reduced by £6.4m in 2012/13. This is on top of a £23m reduction in 2011/12.

3.10 **Core Revenue Grants (ringfenced).** Funding for schools continues to be provided through ring-fenced Dedicated Schools Grant. The 2012/13 allocation for Hammersmith and Fulham will not be known until June 2012. The direct government funding of this service requires the Council to exclude it from its budget requirement.

#### 4 GROWTH AND SAVINGS PROPOSALS

4.1 Scrutiny Select Committees are invited to consider and comment on the growth and savings relevant to their Committee. These are detailed in Appendices 2 and 3. An overview is set out below with comments by relevant Service Directors on how the proposals impact on service delivery and business objectives provided in section 5.

##### Growth

4.2 In the course of the budget process departments have identified areas where additional resources are required. Additional requirements are summarised in **Appendix 2** and summarised in Table 3 below for 2012/13.

**Table 3 Growth Proposals**

	£000s
Children's Services	200
Community Services	894
Environment Services	172
Finance and Corporate Services	700
Regeneration and Housing	0
Residents Services	575
Corporate Items (includes post Spending Review growth)	900
<b>Total Growth</b>	<b>3,441</b>

4.3 Table 4 summarises why budget growth is required for the Council.

**Table 4 – Reasons for Budget Growth**

	<b>£'000s</b>
Government	372
Other Public Bodies	1,235
Delivery of Efficiencies	750
Other	1,084
<b>Total Growth</b>	<b>3,441</b>

4.4 £1.2m of growth relates to other public bodies. The largest element relates (£0.7m) to the freedom pass. This largely relates to a move towards new usage data and cost increases from the transport operators. The charge levied by the Western Riverside Waste Authority for waste disposal has also increased by £0.5m. In large part this reflects higher landfill costs.

4.5 The Council has also set aside resources (a reserve and an allowance for costs incurred as part of the asset disposal programme) that will help ensure efficiency targets are met.

### **Savings**

4.6 £57m of savings are required to balance the books over the next 3 years. In bringing forward proposals to meet this challenge the Council has:

- Looked to protect front-line services.
- Continued to focus on asset rationalisation to reduce accommodation costs and deliver debt reduction savings.
- Built on previous practice of seeking to deliver the best possible service at the lowest possible cost. Effective budget management is essential.
- Considered thoroughly what benefits can be obtained from commercialisation and competition.
- Established a number of council wide transformation programmes to deliver cross-cutting savings. These include regeneration, customer access, transforming the way we do business and market management.
- Taken forward working collaboratively with others. New collaborative working arrangements (Tri Borough) are now in place or in development with the City of Westminster and Royal Borough of Kensington and Chelsea. Other shared service solutions will be taken forward as and when appropriate.
- Made best use of the NHS funding for social care.

4.7 The saving proposals put forward are detailed in Appendix 3 and the 2012/13 position is summarised in Table 5.

**Table 5 Savings Proposals**

	<b>£000s</b>
Children's Services	2,955
Community Services*	7,647
Environment Services	5,550
Finance and Corporate Services	2,465
Housing and Regeneration	956
Residents Services	1,643
Corporate Items (excluding benefits)	1,471
<b>Total Savings</b>	<b>22,687</b>

\* Includes Tri-Borough savings and NHS funding for Social care

A categorisation of the savings is shown in Table 6.

**Table 6 - Analysis of the 2012/13 Savings**

	<b>£000's</b>
Tri Borough Transformation Portfolio	3,105
Staffing/ Productivity	1,586
Commissioning	3,316
Procurement/Market Testing	345
Commercialisation/Income	5,472
Transforming Business Portfolio	1,190
Market Management Transformation Portfolio	903
Customer Access Transformation Portfolio	1,591
Reconfiguration/Rationalisation of Services	2,195
NHS PCT Partnerships	2,984
<b>Total 2012/13 MTFS Savings</b>	<b>22,687</b>

## **5. COMMENTS OF THE SERVICE DIRECTOR ON THE BUDGET PROPOSALS**

### **RESIDENTS' SERVICES**

- 5.1 Residents' Services are part of the project to create a 'Bi-Borough' shared service with the Royal Borough of Kensington and Chelsea. This will be called the Environment, Leisure & Residents Services (ELRS) Department. The first step is the creation of a shared senior Executive Director and management team, which will begin managing the services in both boroughs from January 2012.
- 5.2 The Libraries part of Residents Services is being handled differently. In 2012/13 it will be managed in the shared Tri-Borough Libraries Department, to be hosted by Westminster City Council.
- 5.3 The efficiency and growth proposals for the Environment, Leisure & Residents Services (ELRS) Department are detailed within the relevant sections of Appendices 2 and 3 with the budget book pages attached in Appendix 6.
- 5.4 The purpose of the ELRS Department is to bring together functions that help deliver a cleaner, greener, healthier and safer borough. We support a range of activities that add to the enjoyment and sense of well-being in the community. Through our emergency services our purpose is to work with other emergency partners to ensure business continuity across the Council in response to external events that may cause disruption to the delivery of Council services. Our waste and warden services ensure that the environment in which our residents both work and live is safe, clean and pleasant. Our core business is to "achieve better value for money and higher resident satisfaction levels by implementing more commercial and customer-based services".
- 5.5 The savings required by the ELRS Department for 2012/13 (£1.6m) have been achieved through increasing external income with a focus on profitability and full cost recovery (42%), reducing management and back office posts (26%), efficiencies from current contracts (18%) and by working with Westminster CC and RB Kensington & Chelsea to deliver a Triborough library service (14%). We have therefore been able to reduce the impact on the front line and have focussed on re-providing services within a community setting where financially and operationally beneficial.
- 5.6 The figures reflected in this report and the 2012/13 budget book are for H&F services only. Further integration with RBKC services will depend on the outcome of service reviews to be carried out in 2012.



- 5.7 Fees and charges for some services are yet to be determined for 2012/13. In some cases this is to ensure that full cost recovery is achieved for commercial services (e.g. Commercial Waste), whereas others are dependent on a wider service review (e.g. aligning library fees and charges across the new Tri-borough managed service). Work will continue to identify appropriate charges as part of those reviews and will be reported to Full Cabinet in February 2012.

### **ENVIRONMENT SERVICES**

- 5.8 The 2012/13 Estimates Process represents the culmination of a year of preparation in which the department has contributed to the Council's Medium Term Financial Strategy. This is an iterative process that takes into account the Council's resource requirement and spending pressures over a rolling three year period, enabling the Council to plan to establish a balanced budget in each of the three years
- 5.9 The Environment Services Department's spending pressures have been addressed in the 2012/13 Estimates, as well as can be predicted and the Department has received growth of £0.172m for increases in responsibilities for floods and water management.
- 5.10 In addition there are significant initiatives aimed at delivering efficiencies during 2012/13. The major areas are set out below and are summarised, together with all other changes, in appendix D.
- 5.11 The Director of Environment took responsibility for the bi-borough department of Transport & Technical Services from 03/01/2011. All bi-borough services will be subject to review during 2012 and the results of those reviews will feed into the financial planning for 2013/14 onwards.

### **The MTFS Process**

- 5.12 The interrelationship between service and financial planning is very well integrated within the Environment Services Department, where the two processes feed off each other. The 2012/15 service plan has been drawn up with regard to the permanent decisions proposed in the 2012/13 estimates.

- 5.13 Excluding departmental transfers the movement in the Department's Net Revenue Budget is the sum of the approved growth in the Department's Budget /less planned efficiencies – as set out below:

<b>MTFS</b>	<b>£000</b>	<b>£000</b>
<b>Growth</b>		
Environment Growth (see para 4.2)		
Growth as per Appendix 2		<u>172</u>
<b>Efficiencies</b>		
Environment Efficiencies (see para 4.6)		
Savings as per Appendix 3		<u>(5,550)</u>
<b>Net Movement</b>		<u><b>(5,378)</b></u>

#### **Highways & Engineering**

- 5.14 Efficiencies, totalling £0.305m, are expected from Highways and Engineering. There will be no adverse impact on service delivery.

- 5.15 The realignment of income budgets to reflect current performance together with additional income arising from the enhanced enforcement activity that is projected from the digitised CCTV suite is expected to contribute an additional £4m in 2012/13.

#### **Building & Property Management**

- 5.16 In 2012/13 Building & Property Management will deliver efficiencies totalling over £0.330m through accommodation savings and the adoption of more self service processes for our residents.

#### **Public Protection & Safety**

- 5.17 Public Protection will contribute to total savings within the division of £0.035m. There are no changes to service provision expected as a result of these changes.

#### **Planning**

- 5.18 Planning will contribute £0.130m of savings. There are no changes to the level of service to residents as a result of these changes.

## Budget Movements

- 5.19 Budget of £0.709m has been moved from Planning to Building and Property Management. This is to relieve the shortfall arising in building services due to a downturn in housing related activity. The transfer will increase the Planning income budget to take account of the additional income from developers and planning applications. A reorganisation is proposed to reduce the Building Services costs by £421k. The full impact of this will come into effect from 1st April 2012 and should result in the service being delivered within budget.
- 5.20 Other adjustments, apart from growth and efficiencies, total £1.644m. Adjustments to Service Level Agreements (SLAs) and Capital Charges for 2012/13 account for £0.175m of this. A previous efficiency of £0.63m for transformation savings has been reversed for 2012/13. In year adjustments to SLAs account for the majority of the £0.84m of permanent virements in 2011/12.

## Reconciliation of Budget Movements

- 5.21 The following table reconciles the other variations column for Environment Services.

	£000
<b>2011/12 Estimate</b>	<b>3,597</b>
Inflation	572
Redirected Resources	(1,419)
Efficiencies	(5,550)
Growth	172
Other Adjustments	1,644
<b>2012/13 Estimate</b>	<b><u>(984)</u></b>

## Fees and Charges

- 5.22 Individual fees and charges have been reviewed across the Environment Services Department. Across the Council a standard increase of 2% has been assumed, although there are a number of exceptions which are set out below. Details are provided in Appendix 5.

### **5.23 Building Control**

Building Control charges were revised in October 2010. No further changes are planned for the foreseeable future due to a downturn in building control activity and price competition from independent building control inspectors.

### **5.24 Environmental Quality**

The provision of pre-application advice is a discretionary service for which the department is entitled to charge. These charges are in line with similar charges applied in the Planning Division.

### **5.25 Land Charges**

Land Charges are subject to a legal challenge to determine whether they should be provided under EU regulations relating to environmental information. Given the current uncertainty it is not proposed to increase these charges.

### **5.26 Massage and Special Treatment Licenses**

A new fee structure has been implemented to reflect changes in special treatment practices, addition of emerging special treatments requiring licensing and legislation changes. The review of the fee structure has simplified the application process as a precursor to online payment facility.

### **5.27 Parking Pay & Display**

Pay & Display charges were increased in November 2010 as part of an initiative to implement cashless parking and introduce discounts for residents.

### **5.28 Parking Pay Suspensions**

Parking bay suspension fees were increased in January 2011, to bring them in line with other comparable authorities.

### **5.29 Parking Permits**

A review of Parking charges was undertaken in October 2010 and Resident permits fees were increased for the first time since 2007/08. It is not proposed to increase them for 2012/13.

### 5.30 Planning

A Community Infrastructure Levy is to be introduced during 2012/13. Authorities will be able to set charges but will also be responsible for recovering the fee for the Mayor of London. This element of the charge is expected to come into effect from 1st April 2012.

No planned changes to Planning Applications have been implemented as part of the estimates process. We are awaiting an announcement of changes in charging regulations, which will allow partial cost recovery. If this happens, it is expected to come into effect in 2012/13.

### 5.31 Planning – Photocopying

Fees have been revised in order to match the increased cost of photocopying incurred within the planning process.

## 6. COUNCIL TAX CHANGES IN 2012/13 and 2013/14

6.1 The Cabinet is proposing to reduce Hammersmith and Fulham's element of the Council Tax by 3.75% in 2012/13. This will provide a balanced budget whilst reducing the burden on local taxpayers. By reducing council tax the Council will receive the new one-off council tax freeze grant for 2012/13. This is estimated to be £1.6m and is additional to the £1.6m received for 2011/12. Many older people over 65 are liable to pay Council Tax, and will benefit from the reduction.

6.2 The Mayor of London has announced his intention to **tbc** the total precept for the Greater London Authority in 2012/13. Under his proposals the total GLA precept will **tbc** at **£x** a year (Band D household). The draft budget is currently out for consultation and is due to be presented to the London Assembly on **tbc** February.

6.3 The impact on the Council's overall Council Tax is set out in Table 7.

**Table 7 – Council Tax Levels**

	<b>2011/12 Band D</b>	<b>2012/13 Band D</b>	<b>Change From 2011/12</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Hammersmith and Fulham	811.78	781.34	(30.44)
Greater London Authority	309.82	tbc	tbc
<b>Total</b>	<b>1,121.60</b>	<b>tbc</b>	<b>tbc</b>

- 6.4 The robust forward financial plans set out in the Council's MTFS has enabled an indicative Council Tax figure to be provided for 2013/14 and 2014/15. At present, for planning purposes, it is anticipated that there will be a freeze for both years in Council Tax levels.
- 6.5 The current Band D Council Tax charge is the 4<sup>th</sup> lowest in London and, subject to decisions by other authorities, may become the 3<sup>rd</sup> lowest. The reduction of 3.75% follows a one year freeze and four successive 3% decreases. Table 8 sets out the changes in the Band D charge for the Hammersmith and Fulham element of Council Tax since 2002/03. The proposed Band D charge for 2012/13 is the lowest charge since that approved for 2002/03.
- 6.6 Council Tax in Hammersmith & Fulham has reduced by 15% in cash terms (36% in real terms) from 2006/07 to 2012/13. This compares to a forecast London average increase of 8% over the same period. This represents an expected £1,027 cash saving for Hammersmith & Fulham residents against the average forecast Borough increase from 2006/07 to 2012/13.

**Table 8 – Band D Council tax for Hammersmith and Fulham from 2002/03**

	<b>Band D Hammersmith and Fulham Element</b>	<b>Change</b>	<b>Change</b>
	£	£	%
2002/03	772.41	0	0
2003/04	848.49	+76.08	+9.85
2004/05	890.07	+41.58	+4.90
2005/06	903.42	+13.35	+1.50
2006/07	916.97	+13.55	+1.50
2007/08	889.45	-27.52	-3.00
2008/09	862.77	-26.68	-3.00
2009/10	836.89	-25.88	-3.00
2010/11	811.78	-25.11	-3.00
2011/12	811.78	0	0
2012/13	781.34	-30.44	-3.75%
2013/14 (indicative)	781.34	0	0
2014/15 (indicative)	781.34	0	0

## **7 COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

### **The Budget Process**

- 7.1 The relevant Service Directors and Cabinet Members, in conjunction with the Executive Director of Finance and Corporate Governance, have considered the detail of the individual estimates. Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include in budget reports a statement of her view of the robustness of the estimates for 2012/13 included in the report.
- 7.2 For reasons set out below the Executive Director of Finance and Corporate Governance is satisfied with the accuracy and robustness of the estimates included in this report :
- The budget proposals have been developed following guidance from the Executive Director of Finance and Corporate Governance and have been through a robust process of development and challenge.
  - Contract inflation is provided for.
  - Adequate allowance has been made for pension costs
  - Service managers have made reasonable assumptions about growth pressures.
  - Mechanisms are in place to monitor sensitive areas of expenditure and the delivery of savings.
  - Key risks have been identified and considered.

- Prudent assumptions have been made about interest rates and the budget proposals are joined up with the requirements of the prudential code and Treasury Management Strategy.
- The revenue effects of the capital programme have been reflected in the budget.
- The recommended increases in fees and charges are in line with the assumptions in the budget.
- The provision for redundancy costs is reasonable to meet future restructuring and downsizing.
- The use of budget monitoring in 2011/12 in order to re-align budgets where required
- A review via the Council Executive Management Team of proposed savings and their achievability
- A Member review and challenge of each department's proposals for the budget.
- The establishment of new management and monitoring arrangements for the delivery of transformation programmes

### **Risk, Revenue Balances, Reserves and Provisions**

7.3 Under Section 25 of the Local Government Act 2003, the Executive Director of Finance and Corporate Governance is required to include in budget reports a statement of her view of the adequacy of the balances and reserves the budget provides for. The level of balances is examined each year along with the level of reserves in light of the risks facing the Authority in the medium term.

#### **General Fund Balances**

7.4 The Council's general balance stood at £16m as at 1<sup>st</sup> April 2011 and it is currently projected that this will not reduce in the current financial year. This will leave general balances at 9%, as a minimum, of the current budget requirement.

7.5 The Council's budget requirement for 2012/13 is in the order of £177.5m. Within a budget of this magnitude there are inevitably areas of risk and uncertainty particularly within the current challenging financial environment. The key financial risks that currently face the Council have been identified and quantified. They are set out in Appendix 4 and amount to £9.7m. The Council has in place rigorous budget monitoring arrangements and a policy of restoring balances once used.

7.6 Given the on-going scale of change in local government funding, the Executive Director of Finance and Corporate Governance considers that a wider than normal range needs to be specified for the optimal level of balances. She is therefore recommending that reserves need to be maintained within the range £10m - £17m. This compares to a range of £8m-£9m in 2006/07. The optimal level of £10m-£17m is projected to be broadly met over the next 3 years and is, in the Executive Director of Finance and Corporate Governance's view, sufficient to allow for the risks identified and to support effective medium term financial planning.



## **Earmarked Reserves**

- 7.7 The Council also holds a number of earmarked reserves to deal with anticipated risks and liabilities, and to allow for future investment in priority areas. Reviews are undertaken of the need for, and the adequacy of, each earmarked reserve as part of the budget process and again when the accounts are closed. These are formally reported to the Audit and Pensions Committee in September of each year.

## **8 CONSULTATION WITH NON DOMESTIC RATEPAYERS**

- 8.1 In accordance with the Local Government Finance Act 1992, the Council is required to consult with Non Domestic Ratepayers on the budget proposals. The consultation can have no effect on the Business Rate, which is set by the government.
- 8.2 As with previous years, we have discharged this responsibility by writing to the twenty largest payers and the local Chamber of Commerce together with a copy of this report. Any comments will be reported at Cabinet.

## **9. LEGAL COMMENTS**

- 9.1 The Council is obliged to set the Council Tax and a balanced budget for the forthcoming financial year in accordance with the provisions set out in the body of the report.
- 9.2 In addition to the statutory provisions the Council must also comply with general public law requirements and in particular it must take into account all relevant matters, ignore irrelevant matters and act reasonably and for the public good when setting the Council Tax and budget.
- 9.3 The recommendations contained in the report have been prepared in line with these requirements.
- 9.4 Section 25 of the Local Government Act 2003, which came into force on 18 November 2003, requires the Executive Director of Finance and Corporate Governance to report on the robustness of the estimates made for the purposes of budget calculations and the adequacy of the proposed financial reserves. The Council must take these matters into account when making decisions about the budget calculations
- 9.5 A public authority must in, the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). Where specific budget proposals have a potential equalities impact these are considered and assessed by the relevant service as part of the final decision-making and implementation processes and changes made where appropriate.

**LOCAL GOVERNMENT ACT 2000  
LIST OF BACKGROUND PAPERS**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of Holder of File/Copy</b>	<b>Department/ Location</b>
1.	Revenue Budget	Andrew Lord Ext. 2531	Finance Department Room 38 Town Hall
2.	Formula Grant Papers and other Grant Allocations	Andrew Lord Ext. 2531	Finance Department Room 38 Town Hall
3.	Finance and Corporate Services Budget Papers	Dave Lansdowne Ext. 2549	Finance Department Room 42 Town Hall
4.	Community Services Budget Papers	Mark Jones Ext. 5006	Community Services Department 77 Glenthorne Road
5.	Children's Services Budget Papers	Dave McNamara Ext 3404	Children's Services Department Cambridge House
6.	Housing and Regeneration Budget Papers	Kathleen Corbett Ext. 3031	Housing and Regeneration Department Town Hall Extension
7.	Residents Services Budget Papers	Mark Jones Ext. 5006	Residents Services Department 77 Glenthorne Road
8.	Environment Services Budget Papers	Dave McNamara Ext. 3404	Environment Department Town Hall Extension