

Bolton Council

Report to: Council

Date: 20th February 2013

Report of: Deputy Chief Executive Report No:

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Report Title: **2013/14 and 2014/15 Budget Report**

Purpose:

<ol style="list-style-type: none">1. To consolidate Service Budgets to provide the Council's overall 2013/14 and 2014/15 Budgets2. To consider the options to balance the 2013/14 and 2014/15 Budgets3. To show the transactions on the Collection Fund4. To report on the Financial Arrangements Account for 2013/14
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Recommendations:

<p>It is recommended that Council approve:-</p> <ol style="list-style-type: none">(a) The Budget for 2013/14(b) The outline Budget for 2014/15(c) The Council Tax for 2013/14

Background Doc(s):

Statement on Local Government Finance (England) Revenue Support Grant for 2013/14 and related matters papers dated 19 th December 2012.
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1. **BACKGROUND**

Cabinet 14th January 2013

At the meeting of the Cabinet on the 14th January 2013 the overall financial position facing the Council for 2013/14 and 2014/15 was outlined and feedback from the consultation process on the initial £34.6m of savings was presented. The Cabinet agreed that:-

- (a) the updated financial position for the period 2013/14 and 2014/15 be noted;
- (b) the initial savings options for 2013-2015 outlined in that report of £34.6m be formally agreed for implementation; and
- (c) the Chief Executive and Deputy Chief Executive be asked to identify further options to meet the additional savings required and report back to the Cabinet on the 11th February 2013.

Cabinet 11th February 2013

The Cabinet on the 11th February, recommended the following:-

- i) That £8m of the £10m “available” reserves be earmarked to support the Revenue Budget over the next 4 years (ie. £2m a year, which will provide a £2m contribution to the 2013-15 Savings target).
- ii) That the Council be recommended to set its element of the Council Tax (ie. excluding Waste and Transport Levies), at an increase in 2013/14 of 1.2%, being within the 2% limit set by Government above which a Referendum would be required, meaning an overall increase in Council Tax bills of 3.5%, including the Waste (8.3%) and Transport (5.6%) Levies and Precepts from Police (3.46%) and Fire (9.48%), thus raising an additional £1.7m.
- iii) That in order to meet the balance of the savings requirement that the following savings be agreed:-

	£000
All the savings in the “Difficult” list in Appendix C(i)	4,370
Reduced spend on Area Forums/Neighbourhood Management	200
Review of the Council Tax Support Scheme in 2014-15	100
Reduced Funding for “one-off events”	50
Reduced Leisure Subsidies	50
Savings in Highways not impacting on road maintenance	100
Reduced Play Service	150
Reductions in in-house Adult Social Care (incl. extra care, reablement etc)	150

Additional Savings Total	5,170

iv) That by using an element of reserves (resolution (i)) and increasing the Council's element of the overall Council Tax Bill by 1.2% the following Budget Options will not now be taken forward:-

- Full removal of the Area Forum/Neighbourhood Management Budgets and staffing
- Full removal of the Leisure Subsidies for free swimming, targeted lessons and over 60's free leisure use
- Further significant reduction in Neighbourhood and Community Services, i.e. grass cutting, street sweeping, maintenance of parks etc.
- Further significant reduction in Highways, ie. Reduced maintenance of footpaths and roads and delays in the replacement of damaged signs, lighting etc.
- Reduction in Disabled Children's Services
- Changes in Leaving Care Management
- Further reduction in Personal Advisor services (Careers advice) to young people to the minimum to deliver the Council's statutory responsibilities
- Further reduction in in-house Adult Social Care
- Libraries reduced hours across the network or alternatively the closure of some libraries
- Review of front-line Housing services
- Significant review of the Council Tax Support Scheme impacting on all non-pensioner claimants
- Significant reduction in the Children's Services Early Interventions Team which provides preventative services to support children and families who are dis-engaging from Education
- Closure of a number of Children's Centres
- Closure of a Children's Bungalow that provides respite care to parents of children with disabilities

v) That one-off resources available for the next 4 years of £8.1m, which includes an additional £2m from the "available" reserves and the extra £0.5m New Homes Bonus distribution announced by the Government in the final Settlement, be allocated as follows:-

	£m
Additional investment in Housing Private Sector Renewal	2.0
Investment in Sporting/Leisure Facilities	1.5
Support for the Economy	2.0
Transitional Fund for Voluntary Sector	0.1
Anti-Poverty Strategy	1.0
Retain to meet unforeseen and/or future needs	1.5

Total	8.1

- vi) That the Chief Executive submit proposals for consultation relating to the Council's pay and grading structure that will see an increase in the lowest pay rate paid to Council staff with a view to broadly restoring the gap that existed when the new pay rate was introduced in 2009 between the Council's lowest pay rate and the minimum wage and that such proposal be self-financing from the overall costs of employment.
- vii) That consequent to the recommendations detailed in (i) to (vi) the Council be recommended to approve the Budget for 2013/14 and the outline Budget for 2014/15.

Purpose of the Report

The purpose of this report is to present to the Council the recommendations of the Cabinet and the options that were considered in order to finalise the budgets for 2013/14 and 2014/15. In particular the report includes all the information presented to the Cabinet which reviewed Reserves and presented options for the use of available Reserves, presented a range of budget saving options and outlined the potential choices and implications of a range of Council Tax options.

This report also sets out:-

- (a) the overall budget for 2013/14 and the outline budget for 2014/15, indicating the major variances from the previous year;
- (b) the transactions on the Collection Fund; and
- (c) the Financial Arrangements Account for 2013/14.

Budget setting represents the final phase of the Corporate Business Planning Process for 2013/14.

2012/13 Outturn

The projected 2012/13 outturn expenditure (excluding Schools) is £224.6m and as a consequence of this, available General Fund balances are expected to be approximately £10.3m at the 31st March 2013. The outturn takes into account the funding of the Town Hall accommodation changes and the remaining street lighting scheme which will enable the full savings from these initiatives to be available over the next 2 years.

The above projected 2012/13 figures also assume spending delegated to schools will be in line with the budget. School balances, as required by legislation, are carried forward for the sole use of schools.

2. 2013/14 REVENUE SUPPORT GRANT SETTLEMENT

On the 19th December 2012 the Government announced its proposed Revenue Support Grant for Local Government. This year the Grant Settlement has been more complicated than in any previous year because of the introduction of the Local Council Tax Benefit Scheme, the introduction of the "Local" Business Rates and changes to the overall Government grant arrangements.

The Settlement incorporated the changes anticipated in the Autumn which result in a further reduction in the Revenue Support Grant received by the Council of £9.4m offset by an increased grant to support Adult Social Care from Health Services of £1.4m. Overall, this is a net increase in the savings that the Council needs to find of £8m.

The Settlement also confirmed two key changes for 2013/14. Firstly, the Council is able to keep 50% of the business rate income it collects in year (with 1% then being passed to Fire via the precept). It is estimated that this will be £40.897m for the financial year. Secondly, the Revenue Support Grant now contains funding previously paid as a grant. For example, the Early Intervention and Council Tax freeze grants, plus our share of the business rates that continue to be paid over to central government. For 2013/14 RSG has been confirmed as £107.955m and provisionally set for 2014/15 as £93.568m

The Council will continue to receive a small number of direct grants relating to specific services, most notably the Public Health grant.

Overall the figures published by the Government indicate that total savings required over the next two years will amount of £43.6m or £8.0m more than was forecast in September 2012. Members will recall that early in the year the Council's overall budget was explained and this outlined that the controllable budget from which the majority of savings would have to be made is £178m. The savings of £43.6m will therefore have a significant impact on the Council's controllable budget.

New Homes Bonus – In finalising the Revenue Support Grant Settlement, the Government also announced a final distribution of New Homes Bonus grant for the current year. This has provided an additional £0.5m in one-off funding. This has been added to the one-off resources available for distribution, as outlined in Section 6.

Council Tax Benefit - From April 2013 the National Council Tax Benefits Scheme is to end and Local Authorities are being required to introduce their own local schemes. However, at the same time, the Government have decided to reduce the funding available for these schemes initially indicated as 10% but latest figures suggest that this is nearer to 13% because of increasing numbers of claimants.

In December the Cabinet agreed a Local Council Tax Support Scheme for 2013/14 which has made some minor changes to the existing Council Tax Benefit Scheme and proposes additional Council Tax charges on empty and second homes. These changes along with a new grant provided by Government towards the scheme and changes to Council Tax discounts, will meet half of the cost of the reduced Government grant. In addition, the Council will need to make a budget contribution of £1.5m to meet the remaining reduction in the main Government grant for the scheme.

Business Rates - From April 2013 the Government are also transferring responsibility for business rates to Local Authorities. However, this is only a partial transfer as Central Government will still determine the overall level of the business rates charge and will also retain 50% of the business rates income. The Council will therefore be responsible for 50% of the risk of non-collection of business rates. In the current economic climate the number of businesses who are going into administration is increasing and the likelihood of non-collection is therefore more significant. Based upon the trend in the last 2 years, the figures included in the forecast allow for a non-collection of the Council's share of £0.5m or 1%.

3. BUDGET ASSUMPTIONS

An updated assessment has been made of the likely changes in income and expenditure facing the Council as set out below.

Inflation – An assumption has been made that overall general inflation impacting on the Council will be 2% in each of the next 4 years. In the Autumn Statement the Government also indicated that they will restrict public sector pay awards to 1% in each of the next 2 years. The forecast therefore assumes a pay award of 1% in each of the next 2 years and 2% in 2015/16 and 2016/17. Pay awards in Local Government are negotiated separately. However it is anticipated that the cost of the Award that is finally agreed for April 2013 is likely to be at or around the 1% level.

Price inflation - is generally reducing at the moment, although in specific areas, it is still running at a high level. It is hoped to offset increases in many areas of Council expenditure by securing cost effective prices through our procurement processes. The area of major concern is energy costs. General inflation of 2% has been included and 10% for energy.

Pay Levels - National discussions have also been taking place on the level of pay at the lower end of the public sector employment scales and similar comments in support of increasing pay at the lower end have been received from the Trade Unions. In considering this issue it is important to recognise that any changes would need to be self-financing given the current financial restraints facing the Council. In other words, any additional cost would have to be contained within overall employment costs.

The Cabinet recommended that further work be undertaken by the Chief Executive to explore the options for increasing pay at the lower end of the Council's pay scales on a self-financing basis from overall employment costs.

Auto Enrolment - In June 2013 the Council will be implementing the Government's Auto Enrolment requirements for Pensions which will mean that all staff earning over £8,000 will be enrolled into the Pension Scheme. Staff can then either remain in the scheme or opt out. There will be a cost to the Council in terms of meeting the Employers' contribution for those staff who stay in the scheme. The cost of this cannot be quantified at this stage and it is something that we will have to monitor throughout the year.

Capital Financing – Overall capital funding from Government will continue to be constrained. In order to provide some choice to the Council it is assumed that the capital financing by the Council through prudential borrowing remains at existing levels i.e. just over £4m each year. A further review of the overall capital financing position has been undertaken and an option put forward as an additional saving towards the higher savings target that the Council is now facing.

Schools Funding – The forecast includes the additional funding for the pupil premium notified by the Government which increases each year. In line with Government indications, it is assumed that there is no separate increase for inflation in 2013/14 and 2014/15. At this stage 2% has been included for subsequent years.

Adoption Reform Grant – Part of the reduction in the Early Interventions Grant was a top slice of £150m Nationally by the Department for Education. It has been announced that this is to be paid back to Councils as a ringfenced grant to support Council's in changing the adoption processes. We are awaiting further details on precisely what is involved. The Council's share has not yet been announced although based on the £150m the Council could expect to receive £750,000. At this stage, any additional funding is likely to only be agreed on a one year basis. Also, as this is a ringfenced grant, it is assumed that this cannot be used towards balancing the Council's overall budget.

Community Safety Funding – From April 2013 the Government Grants that we received to support this service and particularly activities around tackling drugs has been transferred to the Police Commissioner. In the current year's Budget we receive just under £200,000. These Grants have been incorporated in the overall funding for Police which has then been reduced by 25.5%. At this point in time, no decisions have been made on the amount of funding that the Police will transfer to Local Authorities to fund these activities. There is therefore a risk that the Council will not receive the same level of funding as in the current year.

WDA/Transport Funding – In terms of Waste Disposal the forecast includes the current assumptions for price increases indicated by the AGMA Waste Contract. The Transport levy has been increased in line with the latest forecast from AGMA. This includes a sum of £0.5m per year to reflect the plans agreed by AGMA 3 years ago to further increase the Transport levy to fund the Greater Manchester Transport Investment Fund. This proposal will need to be kept under review each year in line with decisions taken by AGMA.

Pensions – It is assumed that a 0.7% increase in the cost of pensions will be required in 2013/14 in line with the Actuaries forecast and a 1% increase has been included for subsequent years.

Other – Forecast increased demand in Adult Services has resulted in an additional £400,000 being built into the forecast for the next 2 years in addition to the extra Government funding we receive to also support increased service demand. For 2015/16 and 2016/17 an additional £1m per year has been included as there is no certainty over the continuation of Government funding in the future.

Public Health – On the 1st April 2013 responsibility for Public Health is to transfer to the Council. This transfer will be accompanied by additional resources estimated at £18.1m which are at a similar level to those currently spent on the Service, but does provide some limited scope for investment in other Public Health initiatives.

The Government have also determined that this funding is ringfenced and must be spent on Public Health initiatives. Public Health has therefore been included as a separate line in Appendix A, offset by additional funding of the same amount. The Government have also provided an indicative figure for 2014/15 of £18.9m and at this stage the same figure has been used in each subsequent year.

Balances – Members will recall that I previously indicated that because of the additional risks being borne by the Council with having a local council tax benefits scheme and the transfer of the risk on business rates collection, that balances should be increased to £10m from April 2013. Balances were increased to £10.3m as part of the 2011/12 final accounts process. The Waste Disposal Authority recently indicated that they are likely to make a refund in the order of £2m in 2012/13. This has been added to the “one-off” resources available for potential investment, outlined in Section 6.

Cabinet Members have considered and approved their overall budgets and copies of the reports are included on this agenda.

The above are reflected in the forecast set out in detail in Appendix A and summarised in the next paragraph.

4. **EXPENDITURE FORECAST**

Taking into account the changes in the previous sections including the Cabinet's recommendations, a summary of the overall budget position for the next 2 years is as follows:-

	Forecast 2013/14 £000s	Forecast 2014/15 £000s
Previous Year's Net Budget	444,708	481,593
Grants incorporated in RSG	23,473	-
Public Health Transfer	18,115	791
Increases:-		
Schools DSG	4,278	2,189
Non School Services		
Inflation	4,111	5,957
Capital Financing	800	800
WDA / PTA	2,977	1,645
Other Corporate	267	248
Pensions	831	1,103
Adults Growth	400	400
Funding for 2 year old nursery places not required	-650	-
Health Funding for Adult Care *	-1,424	-
LPSA Reward	-1,000	1,000
Additional cost of CT Discount Review	610	-
Savings Required **	-16,203	-22,307
Use of Balances 2012/13	300	-
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Total Expenditure	481,593	473,419
Resources		
Direct Schools Grant	223,349	225,538
Retained Local Business Rates	40,897	41,815
Council Tax Contribution **	86,873	88,807
Use of Reserves 2013-17	2,000	2,000
New Homes Bonus	2,405	3,150
Revenue Support Grant	107,954	93,203
Public Health Funding	18,115	18,906
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Total Resources	481,593	473,419
Overall Council Tax Increase	3.5%	2%

* Included in the above is additional funding for Adult Social Care channelled through Health (formerly PCT) which has increased by £1.4m in 2013/14. Subject to satisfactory discussion with the Health bodies this funding can be used to offset budget and service pressures in Adult Services.

** The savings in the table above have been adjusted to reflect the need to build the impact of the approved options to change the Council Tax Support Scheme and the change in discounts on empty properties into the Council Tax figure. In addition, they also incorporate the Cabinet's recommendation in terms of the increase in Council Tax and the use of Reserves. Overall the savings figure has reduced but this has been offset by increased income built into the Council Tax contribution and use of reserves lines.

5. 2013/14 AND 2014/15 INITIAL SAVINGS PROPOSALS

In September 2012 the forecast based upon the information available at that time, indicated that savings of £35.6m were required in 2013/14 and 2014/15. After identifying savings in financing costs and contingencies of £8m, savings options of £26.6m in service spending were identified (this left a net £1m of savings still to be identified).

These savings were allocated as follows:-

	£m
Adults	3.5
Children's	5.5
Development & Regeneration	1.7
Environment (excl. Waste)	3.9
Chief Executive's	4.0
Corporate	8.0

The options agreed by the Cabinet on the 14th January 2013 to meet these targets are set out in Appendix B. An initial assessment of the timing of the delivery of these savings indicates that sufficient should be delivered in 2013/14 to meet half the 2 year savings requirement.

The original savings identified in September 2012 amounted to £35.6m. The RSG Settlement has added a further £8m to that figure because of reduced grants, resulting in overall savings of £43.6m being required.

Recently there has been a reduction in the Waste Disposal Precept by £200,000 as a result of changes in other Council's disposal forecasts and Council Tax Bases. This change has not been reflected in Appendix A at this stage but will be incorporated in the revised report submitted to Council after Cabinet. The overall savings required have therefore reduced to £8.8m.

The overall savings position for the two years 2013/14 and 2014/15 can be summarised as follows:-

	£m
Total Savings Required (Appendix A)	43.6
Less: reduction in WD Levy	-0.2

	43.4
Savings Identified (Appendix B)	34.6

Additional Savings Required	8.8

6. BALANCING THE 2013-15 REVENUE BUDGETS

Strategic Approach

It is important that balancing the Council's budget is not simply viewed as an issue for the next 2 years but is considered in the context of the Medium Term financial position facing the Council. Whilst the Government has only issued specific figures for the period April 2013 to March 2015 it made it very clear in Ministerial statements and particularly in the Chancellor's Autumn Statement, that the National deficit would not be resolved by the end of this CSR period, and that **similar levels of savings will be required in 2015/16 and 2016/17**. In all recent Governments' priority has been given to Health and Education and therefore it is unlikely that the position for Local Government will improve significantly in the future.

Appendix A to this report forecast that savings of £39.5m may be required in these 2 years. In recent years initial forecast of Council's savings requirements have proved to be understated and therefore savings of approximately £40m over the following 2 years are not unrealistic. Even if things improve, savings of £30m are likely to be at the bottom end of any target and even at this level would be a huge service and financial challenge to the Council.

The Council's budgets have been subjected to significant reductions over the past 2 years and face even more challenging reductions in the future. The scope for the Council to generate funds to either meet one-off costs or replace reserves over the next 4 years is, unlike in the past, virtually non-existent. It is therefore vitally important to manage our resources in a planned way that ensures all one-off as well as on-going costs can be met over this period.

Delivering a Balanced Budget

In meeting the savings gap of £8.8m and considering the situation in this wider strategic context, three elements need to be considered:-

- Review and use of Reserves
- Options around the level of Council Tax
- Savings options and the impact on Services

Review of Reserves and consideration of their use

A separate paper at Appendix D outlines a full analysis of the Council's Reserves. A full review of the Reserves has been undertaken and £16m has been identified as available for alternative uses. Of this, £6m is required to add to the Reserves to meet the one-off costs of redundancy, severance and pensions with £10m being "Available" for one-off investment by the Council.

- Use of Reserves beyond the £10m would result in either additional un-financed commitments being faced by the Council over the next 4 years or additional financial risks. In order to deliver a legally balanced and robust budget, additional budget provision/contingencies would have to be provided in the Budget in each of the next 4 years, increasing the already identified savings requirement.
- Use of the available reserves would ideally be to meet one-off cost of investment, such as economic initiatives, or used in a way that reduces the Council's future Revenue costs (ie gives a future budget saving)
- Any use of Reserves to support the Revenue budget must be provided for at least the next 4 years. For example if £1m was used to support the 2013/14 Budget then an additional £3m would need to be provided to cover the following 3 years. This would still leave a budget issue to be resolved in year 5.
- The real choice over the use of the available £10m is therefore the balance between investing in one-off initiatives/schemes or supporting the Revenue Budget over the next 4 years.
- In reality there are two basic options:
 - The first is that £8m be allocated to the budget which is a contribution of £2m in each of the 4 years of the Medium Term Financial Strategy. This would leave £2m for further one-off investment.
 - The second is that £10m be allocated to support one-off investment initiatives.
 - **The Cabinet have recommended that £8m be allocated to support the Revenue budget and £2m be used to supplement the one-off investments**

In terms of one-off investment there are a range of potential resources that could be available for one-off investment. These are as follows:-

	£m
Balance of earmarked Capital (£14m identified in September with only £11m allocated)	3.0
Waste Disposal distribution in 2012/13	2.0
Additional Capital Receipts, above the £2m planned, in 2012/13 (latest forecast)	0.6
Additional New Homes Bonus	0.5

	6.1

The above will be supplemented by part of the “Available” Reserves (**£2m recommended by Cabinet**) that are not used to support the Revenue Budget. An example of the sorts of initiatives that one-off resources could be used for is included in Appendix H.

The Level of Council Tax

The Council initially set out a Medium Term Plan with an assumed 2.5% per year increase in Council Tax. However, that situation had to be reconsidered in the light of the Government’s announcement of a lower referendum limit of 2% and the offer of a Council Tax Freeze Grant of £1m (which would be paid in each of the next 2 years). As a reminder the Government have offered a Council Tax Freeze Grant in previous years. In 2010/11 the Government offered a grant equivalent to 2.5% for a 4 year period and in 2011/12 the Government offered a 2.5% grant but only for 1 year.

The rules around the Referendum limit are complicated but effectively apply to the Council’s own directly controlled spend excluding the Waste Disposal and Transport Levies. In practice this gives the Council 4 broad options in terms of the overall Council Tax level (including Police and Fire Precepts and Transport and Waste Levies) of:-

- 0.7% This equates to a 0% increase, excluding Police & Fire and will attract the Council Tax Freeze Grant
- 2.4% This equates to a 2% increase, excluding Police & Fire, in line with the published Referendum Limit
- 3.5% This is the overall increase in line with the maximum Council Tax level included in the Autumn consultation exercise
- 3.85% This is the maximum that the Council could set before requiring a Referendum

The Council is likely to come under a lot of pressure from Central Government if it puts up total Council Tax more than the 2% quoted Referendum limit. The Secretary of State has now stated in the House of Commons that he intends to bring forward legislation which will include levies from Waste and Transport in any Referendum limit and that they will take into account increases set by Authorities in 2013/14 in determining Referendum limits for 2014/15. Details of his Statement are included in Appendix E. Our view is that it could be difficult for the Government to implement legislation that would only discriminate against the actions of the Greater Manchester Authorities and if they did, because we have met the Government’s own guidelines (rules) we may have the potential to pursue a judicial review of any decision they made. However we will keep under review any formal comments from Government on these issues.

In the Secretary of State’s Statement, he is specifically critical of the contract entered into by the Greater Manchester Waste Authority indicating that the prices they are now paying are higher than elsewhere. It is important to recognise that the tendering process for the Contract was undertaken with the full support and contribution from Civil Servants and was regarded as a flagship scheme in terms of the overall approach to meeting the demands facing waste disposal. At that time, there was a requirement to meet very tough targets to

remove waste from landfill and into recycling. Missing these targets would have resulted in significant financial penalties. The Contract was therefore constructed in order to provide facilities which avoided these financial penalties and overall gave the best value for money. However, since the Contract was entered into, the Government have now removed these financial penalties and as a consequence in the short term, because of the need to provide these comprehensive recycling facilities, the costs are higher than those being paid by many other Authorities who continue to use landfill. In the longer term, as landfill tax increases, the Greater Manchester Contract will provide competitively priced disposal facilities and ensure that recycling is maximised.

The table below highlights the impact on the Council's Budget of the potentially different levels of Council Tax increase. Clearly the higher the level of increase the lower the level of savings that the Council will have to make and the greater the on-going Council Tax base will be to support future Budgets. However, the Council will need to balance this position with the impact that an increase in Council Tax will have on households in the Borough and the weekly and annual increase that such households will face, are also set out in the table.

	Council Tax Increase			
Overall Bill Increase	0.7%	2.4%	3.5%	3.85%
Bolton Council's Increase	-4.9%	-1.1%	1.2%	1.99%
Bolton Increase including Waste & Transport but excl. Fire & Police	0%	2%	3.25%	3.66%
Impact of overall CT Bill				
Band A increase per week	£0.13	£0.44	£0.63	£0.69
Band A increase per year	£6.66	£22.83	£32.94	£36.21
Band D increase per week	£0.19	£0.66	£0.95	£1.04
Band D increase per year	£9.99	£34.25	£49.41	£54.32
Extra resources in 2013/14 Budget compared to the forecast in this report	£0	£0.7m	£1.7m	£2.0m
Extra resources in 2015/16 Budget compared to the forecast in this report	£0	£1.7m	£2.7m	£3.1m

In considering the potential increases in Council Tax, Members are reminded of the feedback we received in the public consultation on the budget during the Autumn. In terms of Council Tax the consultation was based upon a then suggested increase of 2.5% with a budget gap of only £2m. The Council sent out 10,000 questionnaires to a random sample of households. 819 replies were received which gives a 3.5% confidence in the overall results. In other words, it is reasonable to assume that the results could be applied to the whole population within a margin of plus or minus 3.5%.

In relation to the Council Tax increase 47% supported the 2.5% and making a further £2m of savings, 19% supported 3% and a reduced level of savings and 34% supported 3.5%, with no further service reductions. Over 50% of respondents supported a Council Tax increase of 3% or more in order to reduce the level of savings that have to be found.

The overall situation now facing the Council is significantly more difficult than it was when the survey was conducted in that the Council needs to find an additional £8.8m which will result in even more changes to the services provided by the Council.

In considering the range of overall Council Tax options, the Autumn consultation exercise included Council Tax increases upto 3.5%. Whilst the Council could increase Council Tax above this level, it is felt that our overall position would be more robust if the maximum increase that was considered was limited to 3.5%.

The Cabinet have recommended a Council Tax increase for the Council, excluding levies from Waste and Transport and Precepts from Police and Fire of 1.2%. This is below the Referendum threshold of 2% set by Government. This equates to an overall increase in Council Tax bills, including Levies and Precepts of 3.5%

The Savings Options and their impact on Service Delivery

The Cabinet in January asked the Chief Executive and Deputy Chief Executive to identify options to meet the £8.8m funding gap in the Council's budget. Following discussions with Service Directors a range of budget options have been identified for consideration. To help in determining priorities an initial assessment into 3 categories has been made.

1. **Difficult** – whilst these savings are not easily achieved and they will have an impact on services, they are recommended to be taken as the first element of meeting the £8.8m shortfall. **These amount to £4.4m.**
2. **Harder Savings** – These have a more significant impact on many key priorities of the Council. Whilst deliverable they need to be considered against the alternative of increasing Council Tax. **These amount to £2.5m.**
3. **Very hard** – they hit hardest at the Council's priorities and should only be considered if Council Tax is frozen and no reserves are used. **These amount to £3.7m.** Whilst only £1.9m will be required to meet the full £8.8m saving requirement, all the options identified by Directors have been included in order to provide Members with some choice over the savings to be taken should any savings from this category be required.

The full savings are set out in the attached Appendix C(i).

The Cabinet have recommended savings options totalling £5.1m. These are set out in Appendix C(ii).

Balancing the Issues

In considering the final Budget the Council needs to strike a balance between the impact on the general public of a Council Tax increase and the impact on the public in terms of service reductions. Any decision to increase Council Tax will make a permanent increase in the Council's base level income, freezing the Council Tax results in no increase in the Council Tax Base. The use of Reserves to support the Revenue Budget would reduce the amount of savings required but alternatively these resources could be used for one-off initiatives.

In order to assist Members in balancing these issues a comparison of the impact on the Budget of the options for the use of Reserves, the level of Council Tax increase and the savings options that would need to be taken is included in Appendix F.

7. STAFFING IMPACT

Initial Options

Based upon the agreed options detailed in Appendix B, it is anticipated that approximately 486 posts may be deleted. As identified in the appendix there are 240 vacancies (many of these are currently filled by Agency staff maintaining current level of service) which leaves approximately 246 posts where there is a potential redeployment/redundancy. However in the recent Voluntary Severance and Voluntary Early Retirement initiative there are approximately 150 people who have accepted an offer to leave, which should significantly reduce the numbers at risk. In addition a large number of staff who expressed an interest to

go are waiting for the outcome of a service review which should reduce the numbers at risk even further.

Additional Options

Appendix C outlines a range of options to be considered in meeting the additional budget shortfall of £8.8m. The full list of options would result in approximately 200 staff being affected, however not all the options are required in order to meet the £8.8m shortfall. The proposals recommended by Cabinet, which are set out in Appendix C(ii), would result in 40/50 posts being deleted. Some of the posts relate to staff who have already expressed an interest in leaving the Council under the Voluntary Early Retirement/Severance scheme.

In addition, it is anticipated that there may be other job losses in the trading activities within Environmental Services such as cleaning, grounds maintenance etc. These would be as an indirect result of some of the other savings options such as the accommodation changes etc., and also as a result of a reduction in the number of support contracts with other agencies and schools.

In the last 2 years the Council has managed to secure a reduction of 833 posts, all through voluntary means. This has been achieved by:

- Four corporate voluntary severance and voluntary early retirement “campaigns”, to provide the opportunity for people who wish to leave to do so. Vacancies secured through these exercises have either been deleted to deliver immediate savings or held as redeployment opportunities.
- Facilitating voluntary redundancy requests where possible
- Operating a comprehensive redeployment period of 9 months in total, under which staff who are displaced are helped to secure other posts within the council. To date we have redeployed over 60 people
- Deleting all available vacancies; effectively “freezing” external recruitment and covering any service critical gaps through the use of agency staff, fixed-term contracts and internal secondments, pending the appointment of redeployees.

As indicated in the previous paragraph it is intended to continue with these initiatives in order to seek to achieve further voluntary reductions in posts over the next 2 years.

In discussions with the Unions the Council will look at alternatives to making compulsory redundancies and consideration could be given to reducing the overall costs of employment as an alternative. However, the Council will still need to ensure that its budget is within the financial constraints that we face.

Once the Council has agreed the additional options to be taken forward, formal consultation with staff and Trade Unions will be undertaken on the options and the staffing impact.

Balances/Financial Risks

Members will be aware that I have provided advice on the recommended level of Balances to be maintained previously. The full detail including an identification of financial risks is set out in Appendix G. However, in summary this advice is as follows.

Currently it is estimated that available Balances as at the 31st March 2013 will be £10.3m. My advice to Members is that I recommend, as a minimum, Balances of £10.0m or higher should be maintained based upon my understanding of the risks and financial issues facing the Council over the next 4 years and the proposals around the Budget, as identified in this report. Should Members wish to agree any additional items for growth or for savings not in

this report, then I will need to advise Members as to whether or not those proposals would result in an increase in the financial risk facing the Council and therefore a need for a higher level of Balances to be set as a minimum.

Overall

Based upon the assumptions set out in this report, I consider that the Council's Budget is robust.

The following paragraphs have been amended to reflect the recommendations of the Cabinet on the 11th February 2013.

8. THE FINANCIAL ARRANGEMENTS ACCOUNT

This account deals with the strategic financial transactions which fall outside the remit of any one Service.

The transactions on this account are set out at Appendix K along with a brief explanation of major changes.

9. PARISH PRECEPTS

The individual parish precepts are shown below with comparative figures for last year.

	2012/13	2013/14
	£	£
Blackrod	38,233	49,000
Horwich	197,382	184,386
Westhoughton	129,049	129,049

As required by the Local Government Finance Act 1992, the Parish Precepts need to be added to Bolton's budget requirement.

10. BUSINESS RATES

The recent Government statement has provided final figures for Revenue Support Grant (£107.955m). It should be noted that the National Non Domestic Rate next year is 46.2p in the pound for small businesses and 47.1p in the pound for larger businesses.

11. COUNCIL TAX 2013/14

The figures in the following paragraphs are based upon a Council Tax increase for Bolton Council (including Waste and Transport Levies) of 3.25%. The overall Council Tax increase, including Police and Fire Precepts, is 3.5%.

Police and Fire Authority Precepts

The Fire and Civil Defence Authority Precept and the Precept for the Police Authority has been estimated as follows:-

	Band A	Band D	Increase
	£	£	%
Police	99.55	149.33	3.46
Fire & Civil Defence	38.43	57.64	9.48

On the basis of a total budget requirement of £236.086m (ie. total expenditure less Direct Schools Grant, New Homes Bonus, Public Health funding and use of Reserves) the balance to be raised from Council Tax is £86.835m as shown below:-

	2012/13		2013/14	
	£000s	£000s	£000s	£000s
Bolton Parish Precepts		222,111 365		235,724 362
Budget Requirement		222,476		236,086
LESS Collection Fund		1,000		400
		221,476		235,686
LESS INCOME Revenue Support Grant Non Domestic Rates	2,278 117,478	119,756	107,954 40,897	148,851
Balance to be raised from Council Tax		101,720		86,835

The Council Tax base for tax setting purposes in 2013/14 is 69,053 Band D equivalent properties.

The basic amount of Council Tax for the part of the Council's area where no Parish Precepts apply but including for the Police and Fire and Civil Defence precepts, is £972.83 for a Band A property and £1,459.24 for a Band D property.

The Council Tax bases for tax setting purposes for the Town Council areas are as follows:-

	Tax Base in Band D Equivalents
Blackrod	1,756
Horwich	6,924
Westhoughton	8,067

The resultant additional Council Tax in each Town Council area for Band A and Band D properties are as follows:-

	Additional Council Tax Band A	Additional Council Tax Band D
	£	£
Blackrod	18.60	27.90
Horwich	17.75	26.63
Westhoughton	10.66	16.00

The above figures relate to Band A and D properties. The table below shows the total Council Tax for all Bands in the various areas:-

<u>Valuation Bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
A	£991.43	£990.58	£983.49	£972.83
B	£1,156.67	£1,155.68	£1,147.41	£1,134.97
C	£1,321.91	£1,320.78	£1,311.33	£1,297.11
D	£1,487.14	£1,485.87	£1,475.24	£1,459.24
E	£1,817.62	£1,816.06	£1,803.06	£1,783.51
F	£2,148.10	£2,146.26	£2,130.90	£2,107.79
G	£2,478.58	£2,476.45	£2,458.73	£2,432.07
H	£2,974.29	£2,971.74	£2,950.47	£2,918.48

For information Appendix M sets out a comparison between the level of Council Tax in 2012/13 and 2013/14 (for those areas which do not include the Parish Council Precept) and the percentage of properties in each band.

Over 50% of households will receive reduced Council Tax bills through the Council Tax Support Scheme and Personal Discounts. For Council Tax the maximum support through the Council Tax Support Scheme is 100%. Some households will, therefore, not pay Council Tax. This will be highlighted on their bill. Consequently at this stage it is not possible to give an average bill.

12. OTHER REQUIREMENTS

The Budget contained in this report assumes that the Council Tax is set at the Council Meeting on the 20th February 2013. Should the Council not be able to set the Council Tax on that day then a weeks delay will put back the processing and distribution of Council Tax bills which will incur additional costs.

13. EQUALITY IMPACT ASSESSMENT (EIA)

Members will be aware that the Council's budget process is guided by a clear philosophy, which seeks to protect the Borough's most vulnerable people; and limit the impact of the savings on the delivery of the Council's priorities as far as possible. Assessing the impact of the Council's financial decisions is therefore an important part of the budget process.

The report sets out the options to balance the budget for 2013/14 and the outline budget for 2014/15, along with options for Council Tax for 2013/14. This includes savings of £34.6m which were agreed in January 2013 following strategic consultation, and recommendations to meet the budget shortfall of £8.8m.

Members will recall that the initial assessment of impact for the £34.6m savings options has been set out in previous strategic Equality Impact Assessments (EIA). The strategic EIA which is attached here at Appendix O reflects this assessment of impact, and also recognises that meeting the £8.8m budget shortfall is likely to be very difficult, and have an impact on the Council, its staff, partners, service users and the general public.

In making a decision about these savings, the Council must strike a balance between the impact on the general public of a Council Tax increase and the impact on the public in terms of service reductions. The recommendation set out in this report seeks to meet the budget shortfall through a combination of using reserves to support the revenue budget for four years; an overall increase in Council Tax of 3.5%; and savings from a range of service budgets. In this way, whilst there would be a financial impact for those who pay Council Tax

in the Borough, the degree of savings required from services would be reduced. While still very difficult, this approach would enable the council to avoid the hardest and most significant of the service reductions put forward as options to Cabinet on 11th February 2013. In this way, the Council would be in a position to continue to offer a degree of protection to services for the Borough's most vulnerable children and adults.

The Council has a well established process for analysing the impact of its financial decisions, and will continue to look in detail at the equality impacts of individual reviews and savings options as they are brought forward throughout the two year budget process. Members will be aware that some of the reviews to deliver the initial savings options agreed in January 2013 are now underway or complete.

14. RECOMMENDATIONS

It is recommended that Council approve:-

- (a) The Budget for 2013/14
- (b) The outline Budget for 2014/15
- (c) The Council Tax for 2013/14

A Draft Substantive Council Tax Resolution is set out in Appendix N.

15. APPENDICES

Appendix A	Medium Term Financial Strategy
Appendix B	Savings Options Agreed on 14 th January 2013
Appendix C(i)	Full list of potential Additional Savings Options
Appendix C(ii)	Additional Savings Options recommended by Cabinet – 11 th February
Appendix D	Review of Reserves
Appendix E	Statement from Secretary of State
Appendix F	Matrix of Budget Options - £8.8m Required
Appendix G	General Fund Balances/Financial Risks
Appendix H	Potential One-off Investments (over next 4 years)
Appendix I	General Fund Summary
Appendix J	Subjective Analysis
Appendix K	The Financial Arrangements Account
Appendix L	Collection Fund
Appendix M	Council Tax (Non Parish Council Areas)
Appendix N	Draft Substantive Council Tax Resolution
Appendix O	Strategic Equality Impact Assessment

MEDIUM TERM FINANCIAL STRATEGY 2013-2017

	Forecast 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000
Previous Year's Budget	444,708	481,593	473,419	459,212
Grants incorporated in RSG	23,473	-	-	-
Public Health Transfer	18,115	791	-	-
Increases:-				
Schools DSG	4,278	2,189	-	-
Non School Services				
Inflation	4,111	5,957	5,150	5,150
Capital Financing	800	800	-	-
WDA / PTA	2,977	1,645	2,100	1,700
Other Corporate	267	248	250	250
Pensions	831	1,103	1,200	1,200
Adults Growth	400	400	1,000	1,000
Funding for 2 year old nursery places – not required	-650	-	-	-
Health Funding for Adult Care	-1,424	-	-	-
LPSA Reward	-1,000	1,000	-	-
Additional Cost of Discounts	610	-	-	-
Savings Required	-16,203	-22,307	-23,907	-15,581
Use of Balances 2012/13	300	-	-	-
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Expenditure Forecast	481,593	473,419	459,212	452,931
Resources				
Direct Schools Grant	223,349	225,538	225,538	225,538
Retained Local Business Rates	40,897	41,815	42,651	43,504
Council Tax Contribution *	86,873	88,807	90,572	92,375
Use of Reserves 2013-17	2,000	2,000	2,000	2,000
New Homes Bonus	2,405	3,150	3,800	4,600
Revenue Support Grant	107,954	93,203	75,745	66,008
Public Health Funding	18,115	18,906	18,906	18,906
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Total Resources	481,593	473,419	459,212	452,931
 Overall Council Tax Increase *	 3.5%	 2%	 2%	 2%

2013-15 Budget Options - Summary

Service/Option	Savings 2013/15	Estimated Staff Impact		
	£000	Total Posts Deleted	Vacant Posts	Redeployed/ Redundant
Adult Services	3,560	164	56	108
Children's Services	5,465	146	55	91
Development & Regeneration	1,700	25	10	15
Environment	3,950	68 *	56	12
Chief Executive's	4,000	71	53	18
Corporate Savings Options	8,000	12	10	2
Total New Options	26,675	486	240	246

* In addition there may be impacts on other posts within trading activities as a result of the options within other services, eg. accommodation changes

2013-15 Budget Options - Adult Services

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Council run Care services– the aim is to reduce costs in order to maximise the opportunities to retain Council run services wherever possible. This will be achieved through service review and redesign and other cost reductions and will cover the Networks, Outreach, Day Care, Extra Care and Respite.	1,000	454	50 FTE		50 FTE
Supported Housing Networks – potential transfer of 10 houses to the current contracted provider over the next 2 years, dependent on the level of vacant posts within the networks. Commencement will depend on the levels of vacancies	650	Included in Care Services option above	100	47	53
Procurement Plan – re-tender a range of services provided by the private and voluntary sectors with a view to securing better prices & service redesign. This will include floating support, offender services, young people's accommodation, voluntary sector grants etc. This will commence from September 2012 and run through until 2013	970				
Day Services Relocation – exit 3 centres as leases expire. To relocate staff and users, and maximise remaining provision for current users following individual reviews. This will commence from October 2012	100				

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Strategy & Commissioning – review of staffing structure in the service & consider a charge for training to the independent sector. This will commence from October 2012	310	101	14	9	5
To continue to reduce Council subsidy on care services by increasing charges in Meals, (by 50p per year to £4) Transport (by 50p per year to £4) and Day Care (by £5 per year to £20 per day). The consultation will commence from September 2012 with implementation planned for April 2013 & April 2014	100				
Transport Savings – review of routes to day care (see proposal above) and rescheduling in order to achieve efficiencies in the transport service (130k secured in 2012-13). This will be delivered following the completion of the day services proposal	230				
Supplies and Services – savings across the department in these budget headings. This will occur April 2013 & April 2014	200				
Total Adult Options	3,560		164	56	108

2013-15 Budget Options - Children's Services

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Play & Youth – rationalisation of building stock with movement of some service delivery into alternative venues and closure of some buildings. Reduction in levels of service and targeting remaining services to areas of greatest need. Proposals to come forward in Autumn 2012	600	113 posts (61 FTE)	Upto 18	14	Upto 4
Children's Centres – reduction in universal activity in all centres and potentially reduction in family support by raising thresholds. Possible transfer of some centres to alternative management arrangements. Reduction in supplies and services. Proposals to come forward in Autumn/Winter 2012/13	1,500	156 posts (135 FTE)	Upto 48	18	Upto 30
Key Workers in Schools – mainly based in schools, but some central provision. Focus on attendance, behaviour, early disengagements from school. Reduction in staff numbers and targeting of resource to schools with highest levels of need. Retain some central function for statutory provision to vulnerable NEETS. Proposals to come forward in Autumn 2012	530	33 posts (31 FTE)	Upto 25	5	Upto 20
Staying Safe – removal of spend in previously ring fenced grant area (care matters). Pick up via pupil premium and contingency.	400				
Personal Advisors – PA's located in all secondary schools and a small central provision. Education Act 2012 transferred responsibility for careers advice to schools from September 2012. Removal of all school based PA's, retain small central service for remaining statutory responsibility. Proposals to come forward in Autumn 2012	870	37 posts (33 FTE)	Upto 25	6	Upto 19
Reduced Services Commissioned from the Voluntary Sector. The saving will be made out of the current budget which totals £1.5m. Proposals to come forward during 2013	225				

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Support Service Savings/Full Year Effect of 2012/13 – ICT systems, schools ICT, faith based travel and admin support	460	152 posts (126 FTE)	Upto 28	12	Upto 16
SEN Transport – Consideration of payments/incentives to parents/carers to transport children to school, to reduce dependency on Council transport. Proposals to come forward during 2013.	100				
Children with Disabilities – re-configurations and efficiencies within the service	300				
Music Service – increase income	100				
SRE and Young Mums – proposal to delete the 2 posts, as LA no longer has the responsibility to do curriculum support for SRE, and the functions of the post in the Young Mums Unit is duplicated with other staff of the Council	80	2 posts 2 FTE	2		2
Looked after Children and Staying Safe – to maximise use of Bolton carers, adoption and reducing use of external placements, with other savings from the overall staying safe budget	300				
Total Children's Options	5,465		146	55	91

2013-15 Budget Options - Development & Regeneration

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Review of Housing Services – <ul style="list-style-type: none"> • Re-organisation of the housing services, including a reduction in staffing • Focus on statutory functions • Reduction in revenue expenditure budget It is anticipated that the majority of savings will be delivered through management and administrative savings in order to minimise the impact on the services delivered to the public in terms of homeless/housing advice and guidance and safeguarding services. Report in Autumn 2012	600	92	17	4	13
Strategic Development Service – <ul style="list-style-type: none"> • Reduction in staffing, to reflect capacity required to deliver medium term priorities • Reduction in revenue expenditure budget Will still enable the major programmes and events to continue. Any new initiatives/projects will require a change in priorities or provide their own funding. Report to be submitted during 2013	400	20	3	1	2
Planning – the funding for the LAMP Contract which provides land searches is no longer required	170	38			
Economic Strategy Team <ul style="list-style-type: none"> • Deletion of vacant posts 	72	32	2	2	0
Senior Management Restructure – reductions already delivered	100	6	3	3	
General Efficiencies <ul style="list-style-type: none"> • Deficit Repayment – no longer required as deficit fully repaid • Management of cash limited budgets • Reduction in Operational Budgets 	358				
Total D&R Options	1,700		25	10	15

2013-15 Budget Options - Environment

Service/Option	Savings 2013/15	Number of posts	Estimated Staff Impact		
	£000		Total Posts Deleted	Vacant Posts	Redeployed/ Redundant
<p>Highways & Engineering – A review of the provision for tripping claims will be undertaken which it is anticipated will deliver part of the savings. The remaining savings will require a further fundamental service review in the second half of 2013 which will result in across the board reductions in levels of maintenance on all aspects of the highways asset including:</p> <ul style="list-style-type: none"> • Highways and Structures • Street lighting and signs • Highway drainage and culverts • Winter Maintenance. <p>In addition to a review of Highways Management and Administration and increasing fees and charges, we will revise our approach to resource allocation which is likely to include:</p> <ul style="list-style-type: none"> • A prioritisation of strategic routes against residential roads. • Increasing response times with a higher tolerance towards defects. • Removing assets from the network when they are beyond the end of their useful lifespan. • No further responsive casework unless it attracted additional funding. • A full review of the Winter Maintenance service aimed at reducing costs via less frequent grits or a reduction in the number of grit bins across the network. <p>In terms of the staffing numbers the number of potential redeployed/redundant staff could be higher as their skill sets may not match those required for the vacant posts. Proposals to come forward during 2013</p>	1,165	238 (including 73 School Crossing Patrollers)	36+	27	9+

Service/Option	Savings 2013/15	Number of Posts	Estimated Staff Impact		
	£000		Total Posts Deleted	Vacant Posts	Redeployed/ Redundant
<p>Neighbourhood & Regulatory Services – there will be a further fundamental service review in 2013 with savings delivered by further reductions and reducing response times in:</p> <ul style="list-style-type: none"> • Street Cleansing – further reduction, 2 large sweeper vehicles and no dedicated graffiti team. • Education and Enforcement – reduction in complaints handling • Parks and open spaces – further reduction in grass cutting teams impacting on quality standards, review provision and inspection of Play Areas, Sports Pitches, Bowling Greens, Allotments, Buildings and Maintenance. Review of Animal World and Public Conveniences in Parks. • Reduced Management, Administration and Technical Expertise impacting on service delivery and resolving customer issues. (Current demand is already greater than capacity). <p>In terms of the staffing numbers the number of potential redeployed/redundant staff could be higher as their skill sets may not match those required for the vacant posts. Proposals to come forward during 2013</p>	1,197	250	24+	24+	0

Service/Option	Savings 2013/15	Number of posts	Estimated Staff Impact		
	£000		Total Posts Deleted	Vacant Posts	Redeployed/ Redundant
Community Services – changes remodelling/downsizing, introducing new technology, increasing fees and charges in order to deliver savings in the following (principally trading) services: <div style="display: flex; justify-content: space-between;"> <div> Albert Halls * Bereavement services Building Cleaning CS Management Markets School Meals Security & Response SNT * Supported Employment TOTAL POSTS </div> <div> 114 23 407 1 24 413 115 253 10 1360 </div> </div> * NB Plus 38 Casual Staff in Albert Halls / 71 Casual Staff in SNT (**)The figures will increase as a result of other Departments' Savings Options	59	30 (plus 1330 posts in trading areas)	4+(**)	4+(**)	0(**)
General Service Efficiencies – Savings in this area include: <ul style="list-style-type: none"> Reduction in out of hours working Income Generation and management of cash limited budgets Review of Finance and Business Development early in 2014 	729	22	4	1	3
Deficit Repayment – no longer required as deficit fully repaid	800		0	0	0
Total Environmental Services Options	3,950		68	56	12

[Please note: These figures only include posts for which there is direct revenue funding in Environmental Services' budgets]

2013-15 Budget Options - Chief Executive's

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Restrict National Charities Rate Relief to Government Guidelines –The proposal is that national charities will continue to receive the 80% mandatory relief but that we no longer allow the 20% local discretionary rate relief. Discretionary Rate relief will continue for local charities. Report in Autumn 2012.	100				
Customer Services – savings by migrating customers from face to face and telephone based support to web access. To deliver this there will be some reductions in staff (12 posts) which may lead to some increased waiting times and queues and some impact on cash collection and benefits processing if migration to web is not successful.	253	124	12	12	0
HR and Training – a review of all activities prioritising on those things that deliver the core strategic objectives resulting in a staffing review. Proposals will come forward during 2013.	507	81	Upto 14	10	4
Community Safety and Neighbourhoods – a review of all activities prioritising on those things that deliver the core strategic objectives of the Council resulting in a staffing review. Proposals will come forward during 2013.	200	22	Upto 5	3	2
Marcomms – reducing current marketing, communications and consultation activities, prioritising on those things that deliver the core strategic objectives of the Council and less focus on smaller departmental activities. Proposals will come forward during 2013.	150	24	Upto 4	4	0
Policy, Performance and Democratic – a review of all activities prioritising on those things that deliver the core strategic objectives of the Council resulting in a staffing review. Proposals will come forward during 2013.	120	28	Upto 3	1	2

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Financial Support Services – an overall staffing review which will result in priority activities only being possible. This will impact on the Services ability to support other Departments in delivering savings. Proposals will come forward during 2013	385	103	Upto 10	6	4
Savings from ICT Tender – finalised savings will be identified by the end of 2012	500				
Savings from Oracle System – initial investment now fully repaid enabling the annual repayment provision to be deleted.	445				
Benefits Savings –Revising processes and deleting vacancies. Whilst this saving is achievable the Service is under considerable pressure due to an increasing number of claimants and major changes to legislation.	125	117	5	5	
General Efficiencies – in running costs, printing, deletion of vacancies (several part posts), reducing overheads, cash limiting budgets etc. across the Department..	505	22	5	5	
Review of ICT Licences – reduction in numbers of licences and associated fees paid out of ICT budgets	200				
Trading Accounts – Legal/Property – A review of the services and structures with savings being mainly by the deletion of vacancies	340	106	Upto 8	7	1
Joint Working across new Department etc. Details of this option will be developed over the next 12 months	170		Upto 5		5
Total CE's Options	4,000		71	53	18

2013-15 Budget Options - Corporate Savings Options

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Waste Collection/Disposal – changed arrangements to increase recycling and less frequent collection of residual waste, reducing Waste Disposal charges. Detailed report will come forward later in September 2012.	2,600		8	8	
CT Benefits/Discounts – implementation of revised proposals around the localised Council Tax Support Scheme and changes to discounts on empty properties. Agreed for consultation in August 2012.	1,500				
Area Forum/Neighbourhood Management – replacement of core funding with annual contribution from Airport Dividend	700				
Leisure – reduce subsidy to be negotiated with the Trust of £300,000 with savings in the Council's own provision of £100,000. Report in early 2013.	400				
Voluntary Sector Grants – overall reduction in the current level of grants awarded out of the existing budget of £1.3m. Report during 2013.	250				
Members – savings from Members budgets	100				
Authority wide departmental re-organisation/senior management changes. Proposals will come forward in Summer 2013.	500		4	2	2
Accommodation Savings – by rationalising office facilities in the Town Centre. Maybe reductions in posts from support services such as cleaning, caretaking as these options are finalised	1,000		?	?	?
Savings in pension costs through 2011/2 year-end adjustments	550				
Savings from street lighting energy measures – investing in more efficient lighting	400				
Total Corporate Savings Options	8,000		12	10	2

2013-15 Full List of Additional Budget Options Presented to Cabinet on 11th February 2013

Service/Option	Savings 2013/15 £000	Estimated Staff Impact			
		Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
DIFFICULT					
Additional interest on cashflow and investments etc. (Corp) Since September we have managed to place some of our funds in slightly longer term investments which has improved the overall interest received	300	-	-	-	-
Early anticipation of external Loan Repayment 2015 (Corp) A £7m loan is due for repayment in early 2015. When due this can be replaced with an alternative loan at a lower interest rate. This saving has been brought forward given the severity of the budget situation	500	-	-	-	-
Maximise internal borrowing to £120m – lose ability to borrow extra £16m for investment (Corp) The Council has the potential to increase its internal borrowing to fund capital projects by a further £16m, bringing the total to £120m. This is only possible because of the amount of reserves held by the Council. This internal borrowing will enable us to make savings in financing costs of £1.6m. The alternative to making the saving is that the Council could have invested a further £16m into Capital initiatives and therefore this is an opportunity foregone in taking this option	1,600	-	-	-	-
Delete remaining Risk Management Fund (CE) The Council had a small provision to undertake minor changes to buildings, land, etc. in order to minimise the risk that the Council faces. For example the funds are being used to build refuse bin stores to minimise the risk of Vandalism and Arson	60	-	-	-	-
Finance/ICT re-organisations(CE) Re-organisation of duties and responsibilities within the finance function and the ICT function. This will reduce the capacity in both areas resulting in potential delays in responding to issues and problems	210	123	6	-	6

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Customer Services Management/Income (CE) A review and re-organisation of management and systems and support within Customer Services and the generation of additional income. This will reduce the capacity within the Service, resulting in potentially increased delays in dealing with difficult issues and impacting on overall response times	330	124	8	-	8
Strategic Development/Admin Savings (D&R) To broaden the scope of the Strategic Development Review to include the whole Division, taking into account the VS/VER applications. This will impact on the ability to be pro-active and deal with issues in these areas. <ul style="list-style-type: none"> • Arts • Strategic Development • Business Bolton • Visitor Economy • Town Centre Partnership 	80	20	3	-	3
Economic Strategy (D&R) Deletion of posts potentially created by VS/VER Reduction of budget to fund one-off activities and the procurement of external research, reducing our ability to be proactive in dealing with economic issues	130	32	2	-	2
Planning (D&R) Increase in income due to new fees regulation Reconfigure the Planning Service, taking into account the VER/VS requests which will reduce our overall capacity to deal with planning issues and potentially delays in responding at peak times	110	38	4	-	4
Support cost savings re Public Health (CE) The transfer of the Public Health function to the Council will also require the Council to provide Finance, IT, HR and other support services. These services will be delivered within the existing resource, enabling the additional income from Public Health to be available as a saving which will again reduce capacity and our ability to respond to issues when they arise	250	-	-	-	-

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Public Health Funding of School Meals (Corp) A key objective of the subsidised school meals is to ensure that children receive a nutritious and healthy meal which is consistent with the key priorities within the Public Health service. Given the increased grant that we have received, this proposal is to include within the Public Health budget the funding to meet the subsidised school meals scheme. This will mean that these resources will not be available to fund additional work in other Public Health priorities	600	-	-	-	-
Cross Department Admin/Support (Env) The delivery of additional savings by reviewing administration support across the Environment Department which will reduce overall capacity	100	22	3	-	3
Savings in Admin from merging new Department (A/Ch) Review and rationalisation of administration across the new combined Adults And Children's Department	100		3	-	3
Total Difficult Options	4,370		29	-	29
HARDER					
End Area Forums – saving project and staff budgets (Corp/Env) End the project funding for Area Forums and remove staff support. This will reduce the funding available for local projects and the capacity to respond to local issues	420	3	3	-	3
End Neighbourhood Management – saving project and staff budgets (Corp/Env) End the project funding for Neighbourhood Management and remove the staff support. This will reduce the funding available for local projects and the capacity to respond to local issues	380	2	2	-	2
Council Tax Support Scheme – some claimants lose more Benefits (Corp) Re-visit the scheme amendments not taken forward in the current scheme this will result in reducing the amount of support for a number of claimants from April 2014	250	-	-	-	-
Reduce funding for one-off events (D&R) Review the Event budgets within D&R including those for Leisure and the Town Centre with a view to making a saving of £50,000. This will result in fewer public events being funded by the Council across the Borough	50	-	-	-	-

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Leisure – half the subsidy for swimming and leisure concessions Half the overall subsidy provided for free swimming, free swimming lessons and Leisure concessions to people over 60. Detailed options to be developed but will have an impact on the availability of these concessions	110	-	-	-	-
Neighbourhoods & Community Services – reduced street cleansing, parks maintenance etc. (Env) For Neighbourhood and Regulatory Services the additional target of £100k will be incorporated into the fundamental service review in 2013 with savings delivered by further reductions and reducing response times in: <ul style="list-style-type: none"> • Street Cleansing – the impact will result in the loss of additional vehicles and staff leaving approx 50% of the current cleansing resource on shopping routes. This would also increase the area of the Borough allocated an 18 weekly cycle • Education and Enforcement – further reduction in complaints handling response • Parks and open spaces – further reduction in grass cutting teams impacting on quality standards. Review provision and inspection of Play Areas, Sports Pitches, Bowling Greens, Allotments, Buildings and Maintenance. Review of Public Conveniences in Parks For Community Services the individual service reviews will aim to achieve a £100k saving by: <ul style="list-style-type: none"> • Remodelling/Downsizing • Income Generation • Changing working patterns/reduction in premium payments 	200	280	6	-	6

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
<p>Highway – service re-organisation and delayed response times (Env)</p> <p>This would be an additional saving on top of the £1.165m already included in the Initial Options agreed in January 2013. The current review would be Expanded to include this additional £200,000 and would incorporate:</p> <ul style="list-style-type: none"> • Parking Services • Asset Management (including inspections and claims) • Draining and Bridge Maintenance (including Depots and Stores) • Highways Operations (including Street Lighting Signs, Works, Winter Maintenance and Business Support Delivery) • Highways Design and Construction • Network Management (including Road Safety and School Crossings) • Structures and Estate Development • Business Support Design • Area Forum Budgets <p>In addition to the proposals outlined above, we also propose to review the current service standards which is likely to include but not be limited to:</p> <ul style="list-style-type: none"> • Highways Safety Inspections • Street Lighting inspections and repairs • Flood defence activities 	200	238	4	-	4
<p>Disabled Children's Service (Ch)</p> <p>Savings across the Service from a re-design of service delivery and the potential for limited charging for some provision</p>	60		2	-	2
<p>Leaving Care Management (Ch)</p> <p>Merger of management of Looked After Children and Child Protection. Potentially this will result in more priority being given to Child Protection rather than Looked After Children</p>	100	4	2	-	2
<p>PA's reduce service to statutory minimum (Ch)</p> <p>The Personal Advisors provide career advice to young people. This option is to further reduce the central function to the minimum required to deliver the Council's statutory responsibility to support vulnerable young people. This will reduce overall capacity to support schools in this function</p>	100	12	2	-	2

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Reduce Play Service (Ch) Reduce play service provision for 6-12 year olds. This option may include a reduction in the number of play sessions, the possibility of charging for all or some play sessions and the potential closure of play centres	200	32	10	-	10
Reductions in in-house Adult Social Care (A) Further reductions in in-house services, including Extra Care, Reablement etc	500	454	25 fte	10	15 fte
Total Hard Options	2,470		36	10	26
VERY HARD					
Libraries – reduced hours/closures (CE) Further review of the Library service with potential reductions in hours or closures of a number of libraries	150	130	10	-	10
Housing Services (D&R) Further review of Housing Services looking in particular at front-line areas such as Housing Options and Prevention Services Unit (Homeless Welfare, Housing Advice and Supported and Temporary Accommodation	150	92 81 after current review	5		5
Leisure – remove remaining 50% subsidy, free swimming, leisure etc. (D&R)	110				
Council Tax Support Scheme – reduce all non-pensioner benefits (Corp) Fundamental review of the Council Tax Support Scheme which would require a reduction in benefits to all non-pensioners in order to deliver this scale of saving	1,250		-	-	-
Highways – further reduced maintenance (Env)	300	238	6	-	6
Further reductions in in-house Adult Social Care (A)	500	454	25 fte	-	25 fte
Early Interventions Team – reduce to statutory minimum(Ch) This preventative service supports children and families engaging early with those who are dis-engaging from Education. The proposal would be to reduce the service to the minimum required to deliver the Council's statutory functions in relation to school attendance, tracking children missing Education and licensing the employment of children and young people. Reducing the service will potentially result in more intensive support being required of the Council in the long run	420	18	14	-	14

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Close 3 Children's Centres (Ch) This option would see the closure of a number of Children's Centres and the reallocation of eligible children/families to the remaining Centres	360	156	12	-	12
Close Children's Bungalow (Ch) Close one of the two Children's Bungalows providing respite care	440	40	20	-	20
Total Very Hard Options	3,680		92	-	92

2013-15 Additional Budget Options Recommended by Cabinet on 11th February 2013

Service/Option	Savings 2013/15 £000	Estimated Staff Impact			
		Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
DIFFICULT					
Additional interest on cashflow and investments etc. (Corp) Since September we have managed to place some of our funds in slightly longer term investments which has improved the overall interest received	300	-	-	-	-
Early anticipation of external Loan Repayment 2015 (Corp) A £7m loan is due for repayment in early 2015. When due this can be replaced with an alternative loan at a lower interest rate. This saving has been brought forward given the severity of the budget situation	500	-	-	-	-
Maximise internal borrowing to £120m – lose ability to borrow extra £16m for investment (Corp) The Council has the potential to increase its internal borrowing to fund capital projects by a further £16m, bringing the total to £120m. This is only possible because of the amount of reserves held by the Council. This internal borrowing will enable us to make savings in financing costs of £1.6m. The alternative to making the saving is that the Council could have invested a further £16m into Capital initiatives and therefore this is an opportunity foregone in taking this option	1,600	-	-	-	-
Delete remaining Risk Management Fund (CE) The Council had a small provision to undertake minor changes to buildings, land, etc. in order to minimise the risk that the Council faces. For example the funds are being used to build refuse bin stores to minimise the risk of Vandalism and Arson	60	-	-	-	-
Finance/ICT re-organisations(CE) Re-organisation of duties and responsibilities within the finance function and the ICT function. This will reduce the capacity in both areas resulting in potential delays in responding to issues and problems	210	123	6	-	6

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Customer Services Management/Income (CE) A review and re-organisation of management and systems and support within Customer Services and the generation of additional income. This will reduce the capacity within the Service, resulting in potentially increased delays in dealing with difficult issues and impacting on overall response times	330	124	8	-	8
Strategic Development/Admin Savings (D&R) To broaden the scope of the Strategic Development Review to include the whole Division, taking into account the VS/VER applications. This will impact on the ability to be pro-active and deal with issues in these areas. <ul style="list-style-type: none"> • Arts • Strategic Development • Business Bolton • Visitor Economy • Town Centre Partnership 	80	20	3	-	3
Economic Strategy (D&R) Deletion of posts potentially created by VS/VER Reduction of budget to fund one-off activities and the procurement of external research, reducing our ability to be proactive in dealing with economic issues	130	32	2	-	2
Planning (D&R) Increase in income due to new fees regulation Reconfigure the Planning Service, taking into account the VER/VS requests which will reduce our overall capacity to deal with planning issues and potentially delays in responding at peak times	110	38	4	-	4
Support cost savings re Public Health (CE) The transfer of the Public Health function to the Council will also require the Council to provide Finance, IT, HR and other support services. These services will be delivered within the existing resource, enabling the additional income from Public Health to be available as a saving which will again reduce capacity and our ability to respond to issues when they arise	250	-	-	-	-

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Public Health Funding of School Meals (Corp) A key objective of the subsidised school meals is to ensure that children receive a nutritious and healthy meal which is consistent with the key priorities within the Public Health service. Given the increased grant that we have received, this proposal is to include within the Public Health budget the funding to meet the subsidised school meals scheme. This will mean that these resources will not be available to fund additional work in other Public Health priorities	600	-	-	-	-
Cross Department Admin/Support (Env) The delivery of additional savings by reviewing administration support across the Environment Department which will reduce overall capacity	100	22	3	-	3
Savings in Admin from merging new Department (A/Ch) Review and rationalisation of administration across the new combined Adults And Children's Department	100		3	-	3
Total Difficult Options	4,370		29	-	29
HARDER					
Reduce spend on Area Forums/Neighbourhood Management (Corp/Env) Review the overall arrangements for Area Forums and Neighbourhood Management which could result in a reduction in project funding and potentially some reduction in overall staff support. This will reduce the funding available for local projects and the capacity to respond to local issues. Proposals will be developed for consideration by Members	200	4	Upto 2	-	Upto 2
Council Tax Support Scheme – some claimants lose more Benefits (Corp) Re-visit the scheme amendments not taken forward in the current scheme this will result in reducing the amount of support for a number of claimants from April 2014	100	-	-	-	-
Reduce funding for one-off events (D&R) Review the Event budgets within D&R including those for Leisure and the Town Centre with a view to making a saving of £50,000. This will result in fewer public events being funded by the Council across the Borough	50	-	-	-	-

Service/Option	Savings 2013/15	Estimated Staff Impact			
	£000	Total Posts	Total posts deleted	Vacant Posts	Redeployed/ Redundant
Leisure – reduce the subsidy for swimming and leisure concessions Reduce the overall subsidy provided for free swimming, free swimming lessons and Leisure concessions to people over 60. Detailed options to be developed but will have an impact on the availability of these concessions	50	-	-	-	-
Highway – management and other organisational changes not impacting on direct maintenance of roads and footways (Env)	100	238	2	-	2
Reduce Play Service (Ch) Reduce play service provision for 6-12 year olds. This option may include a reduction in the number of play sessions, the possibility of charging for all or some play sessions and the potential closure of play centres	150	32	7	-	7
Reductions in in-house Adult Social Care (A) Further reductions in in-house services, including Extra Care, Reablement etc	150	454	10 fte	10	-
Total Harder Options	800		21	10	11
Overall Total	5,170		41	10	31

COUNCIL RESERVES

The report includes a section on Reserves which explains how any potential use of them needs to be considered. Set out below is an alternative analysis of the Reserves that may help to explain why we keep them and the impact of not holding these Reserves.

<u>Analysis of Reserves</u>	£m
Reserves we are legally required to maintain (Balances, Schools, Insurance)	28
Reserves with an existing commitment (Capital, Waste, BSF, Property)	52
Reserves to cover key areas of known future spend (ICT replacements, redundancy/redeployment)	23
Reserve to cover key areas of risk	14
Service general contingencies to meet overspend/one-off demands	3
Available for reallocation (to spend)	10

	130

Revenue Impact of not holding key Reserves

If we were not to hold these Reserves then there would be a direct impact on the Revenue Budget in the order of £6m. This would be from having to provide a Contingency Budget to meet certain risks or additional costs that the Council will be facing in the future. These are set out below:-

	£m
ICT replacements (would need an annual contribution to meet these costs)	2.0
Redundancy/redeployment (if we did not hold Reserves we would have to capitalise these costs – if Government agree)	2.0
Equal Pay (if we did not hold Reserves we would have to capitalise these costs – if Government agree)	0.5
Corporate contingencies – Energy etc. (would need a specific Contingency provision)	0.5
Service contingencies (would need a specific contingency provision)	1.0

	6.0

ALTERNATIVE VIEW OF RESERVES

The definition of Reserves has changed over recent years. We now have to include in our Reserves monies which we know are needed to meet expenditure requirement over the next few years but have not been “contractually” committed.

Most general interpretation of Reserves would be funds set aside for general contingencies or to meet risks that may or may not arise. Using this definition a summary of the Council’s “Reserves” would be as follows:-

	£m
General Fund Balances (Audit Commission recommend £15m)	10.3
Schools Balances (can only be spent by schools)	8.1
Housing Transfer liabilities remaining with the Council (Equal Pay and environmental)	5.3
Equal Pay (potential future claims)	3.0
Energy/Fuel Reserve (to meet in-year price increases)	1.2
Specific funds to cover key risks (a range of corporate risks)	0.7
Benefits (to meet changes in subsidy entitlement and growth in number of claimants)	2.3
Service general contingency (to meet in-year budget variations)	3.1

	34.0

Reserves we are legally required to maintain

Corporate

General Reserves 10.3

We are required to keep general Reserves to fund emergencies, exceptional cost increases, overspends etc. The Audit Commission recommend a figure of at least £15m for the Council

School Balances 8.1

These are held by individual schools and can only be spent by schools

Insurance 6.5

We self-insure which means we need to maintain funds to meet all outstanding insurance claims. This is cheaper than buying full insurance from the market

Every 2 years we make a reassessment of the outstanding insurance claims and potential claims based upon experience and then provide a reserve to meet these costs in the future

24.9

Service - Funding received in advance or set aside for specific commitments:

Troubled Families 0.5

Funding received in advance from the Government for the Troubled Families Initiative

School Improvement 0.4

Funding to be spent on school improvement requirements

Training 0.3

Specific funding set aside to meet specific training requirements

Graves, Waste Campaign, Queens Park, CCTV etc. (Env) 1.8

A range of funding held to meet future costs across the whole service

27.9

Reserves with an existing commitment

Corporate

Capital 34.7

Funding held to meet the cost of committed Capital projects or allocations to meet specific investment initiatives agreed by the Council
The vast majority of these resources have to be spent on capital

Waste Smoothing 3.8

Funding accumulated to even out the waste levy precepts over a number of years to avoid major peaks and troughs

BSF 2.0

To meet contractual payments owed to our BSF ICT provider

Performance Related Grant 1.0

The final balance which has been allocated to fund the budget over a number of years. This will be spent in 2013/14

Corporate, Liabilities 0.8

These are a range of small items where we have outstanding commitments including repairing the bridge at Smithills

Property 3.6

This is mainly Sinking Funds that we are required to meet on the various grant arrangements the biggest item of which is the Bolton Arena

Apprentices 2.0

Money set aside to meet the various phases of the Apprentice initiative, £700,000 of this is being spent on the current phase

47.9

Service - Money set aside for key initiatives	
Affordable Housing	0.3
A small provision to meet any variations in the current Affordable Housing project being undertaken jointly with Bolton at Home	
Furnished Tenancies	0.9
Funding to support the replacement of furniture etc. as part of our overall furnished tenancies service	
Housing Initiatives/Trading	1.0
Funding held to support a range of self-financing activities within housing services as well as providing some resource if required to contribute to any future Affordable Housing schemes	
Key programmes for sport, Town Centre etc.	1.5
Funding held by D&R to support the programmes being undertaken in the current year with much of this likely to be spent by the year-end	
Libraries, Museum etc.	0.7
Capital Receipts set aside to pay for the new Museum store. The majority of this will be spent in the current year	

	52.3

<u>Important to cover key areas of known future spend</u>	£m
<u>Corporate</u>	
ICT systems and kit refresh	9.1
Funding set aside to meet the cost of the Council's major system Upgrades, eg Oracle, Tax & Benefits, Customer Services, Telephony. Also to meet the cost of transition from Fujitsu to the new ICT provider and the replacement of servers and desktops. It is anticipated that all this funding will be required over the next 4 years	
Redundancy/Severance 2013-14	6.0
This funding enables the full savings options to contribution to the budget by paying for the one-off employment costs. This provision is almost totally spent on the VER/Severance/pension arrangements already agreed	
Redundancy/Severance 2014-17 (new reserve)	6.0
Funding set aside to enable the full savings options which come forward to contribute to the budget. Based upon the 2013/14 cost this provision may not be sufficient should savings in the order of £40m be required	
Chief Execs Specific Reserves	1.9
A range of smaller items required to meet likely grant clawback from Government, Community Safety funding received from Government, Resources allocated to meet the Troubled Families initiative etc.	

	22.6

<u>Important to cover key areas of risk</u>	
<u>Corporate</u>	
Benefits	2.3
The costs of Benefits can vary significantly from year to year and in Recent years has overspent by several hundred thousand pounds. This Reserve meets these overspends	
Pay Review/Equal Pay	3.0
The Council has already settled significant numbers of Equal Pay claims but more are received each year and this sum is set aside to enable those claims to be settled without impacting on the Council's main Budget. This has been reduced to reflect a reassessment of the current risk but it is important to keep this under review in future years	
Energy/Fuel	1.2
No overall contingency is included in the Council's Revenue Budget but the costs of energy and fuel can change at short notice during the year. This funding is there to meet any significant in-year increases	
Chief Execs Specific Reserves	0.7
A range of small Reserves to meet potential variations in Trading Accounts and the cost of funding staff who are on redeployment	
Housing Transfer Outstanding Liabilities	5.3
The majority of this funding is set aside as a provision to meet any future environmental (life time risk) or Equal Pay (six year risk) cost which will fall on the Council following the transfer of the Housing Stock and Service to Bolton at Home	

	12.5

Service**High cost of Staying Safe placements** 0.7

Funding to meet any significant in-year new Staying Safe placements.
These can cost several hundred thousand pounds for individuals with significant needs

Pension Liabilities (schools) 0.5

The Council is required to fund certain pension liabilities following decisions by schools in relation to Teaching staff. This Reserve is there to meet these costs when they arise

Looked After Children, Adaptations etc. 0.5

The funding set aside to meet any extra cost in relation to Children looked after, such as adaptations to properties etc.

14.2

Service General Contingencies

These are general contingencies set aside to meet any overspends or exceptional items of spend facing individual services during the financial year. Under the Council's Standing Orders, Services have to manage within their overall Budget allocations each year.

	£m
Children's	0.6
Traded Services Children's	0.2
Environment	0.3
Housing	0.1
Development & Regen	0.2
Adults	1.2
Chief Execs	0.8

	3.4

Available for Re-allocation (to spend)

The following changes in Reserves has been reflected in the above.

	£m
Housing Transfer Contingency	4.0
Chief Execs Specific Reserves (risk initiatives, energy initiatives, blue badges)	1.0
Corporate Savings Contingency	1.0
2 Year Old Nursery Places	1.4
Children's Reserves	1.0
Housing Reserves	1.0
D&R Reserves	0.6

	10.0

Reallocation of Reserves

In reviewing reserves, it was identified that a new reserve was required to meet further one-off redundancy and severance costs in the period 2014-17. This was created by reducing the following reserves:

	£m
Property – review of liabilities on Castle Hill	2.0
Adults General Reserves	0.5
Chief Executive's General Reserves	0.5
Pay Review/Equal Pay	3.0

	6.0

**STATEMENT FROM THE SECRETARY OF STATE
DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT
Local Government Finance**

The Secretary of State for Communities and Local Government (Mr. Eric Pickles): Local government has been at the forefront of the Coalition Government's transparency agenda, opening up the books, its spending and its meetings to public scrutiny and ensuring councils are fully accountable to their local residents, rather than Whitehall and regional quangos. We intend to go further with the Transparency Code to free up more data, and ensure it is reused and republished for creative and innovative ends.

However, we want to ensure all bodies that help set council tax are transparent and fully accountable to the people.

The Secret State

Some parts of local government are not so open as elected local councils. There is a Secret State in our country: a regime of local bodies which help set council tax, but have minimal presence or public profile. Such largely unelected council tax levying bodies include:

- Internal Drainage Boards
- Integrated Transport Authorities
- The Environment Agency
- Garden Committees
- Joint Waste Disposal Authorities
- National Parks Authorities
- Inshore Fisheries and Conservation Authority
- Conservators
- Pensions Authorities
- Harbour and Bridge Boards
- Port Health Authorities
- Crematorium Boards.

The Government intends to bring forward legislative proposals to increase the accountability and transparency of levy increases which are raised on billing authorities by levying bodies, and ensure there are stronger democratic check and balances on their council tax increases.

Council tax referendums

We will ensure that in future, excessiveness will be determined with reference to the basic amount of council tax – that is, the Band D amount including levies. We also intend that the legislation can be applied in response to council tax increases set in 2013-14.

On 19 December, I announced the trigger points we are proposing to set for council tax referendums in 2013-14. We propose that a two per cent referendum principle will apply for all principal local authorities, Police and Crime Commissioners and Fire and Rescue Authorities. This would mean that if an authority or Commissioner wished to raise their relevant basic amount of council tax in 2013-14 by more than two per cent, their local electorate will have the opportunity to approve or veto the increase in a binding referendum.

Further details were outlined in the Written Ministerial Statement of 19 December 2012, *Official Report*, Column 103WS.

At present, the legislation determining excessiveness requires a comparison to be made between the relevant basic amount of council tax for the year in question and the year immediately preceding that year. The relevant basic amount is the Band D council tax adjusted to exclude

levies. A consequence of this is that some authorities are seeking to increase their overall council tax bills by a substantial amount through levy increases without being accountable to their local residents and having to hold a referendum.

Such levy increases often stem from poor policy decisions by the unelected bodies. For example, in Manchester City Council, their proposals for higher council tax this year are driven, in part, by a badly drafted, long-term PFI agreement signed by the Greater Manchester Waste Disposal Authority, pushing up the waste levy on council tax due to the cost of rubbish disposal being well over the current market rates.

Another consequence is that a referendum principle based on the relevant basic amount affects the amount a local authority can raise through council tax in cash terms, which can be to the authority's detriment if its council tax requirement includes a large proportion of levies. Metropolitan authorities have made representations expressing their concern and requested that the calculation of excessiveness should be based on the basic amount of council tax, rather than the relevant basic amount.

The Government therefore intends to bring forward legislative proposals to ensure that levying bodies are accountable to the public. The future determination of excessiveness will be based upon the basic amount of council tax (i.e. the actual Band D amount). This will bring all revenue raised through council tax – including levies – within the scope of the legislation. Council tax payers will want to see this change which will ensure that unelected levying bodies do not have a disproportionate effect on council tax levels. As now, we intend that the referendum principles should be determined on an annual basis to reflect prevailing circumstances and should be subject to the approval of the House of Commons.

Local authorities should be on notice that we will pay close attention to increases in their basic amount of council tax in 2013-14 and we are prepared to take action in response to any large increases. Authorities should have no doubt that we will consider setting principles in future years which are specific to authorities that increase their basic amount of council tax in 2013-14 by more than 2 per cent without having sought the approval of the local electorate in a referendum.

These proposals will increase the accountability of large numbers of unelected public bodies for their money-raising and spending decisions; and, secondly they will encourage these bodies to focus on better deliver and value for money.

Following the current period for representations, the final principles for 2013-14 will be included in a report to be put before the House of Commons for approval alongside the Local Government Finance Report in the coming weeks.

Council tax freeze

More broadly, local authorities should be signing up to this year's council tax freeze offer.

Over the last two years, the coalition Government have worked with councils to help freeze council tax bills for hard-working families and pensioners and this has seen council tax bills in England fall by 4.4 per cent in real terms. Under the last Administration, Band D council tax bills rose by £751 (+109 per cent) across England as a whole.

This Government is setting aside an extra £450 million over the next two years to help local government in England to freeze their council tax in 2013-14, which will be the third successive year in which a freeze scheme applies. The cumulative impact of three years' worth of council tax freezes represents up to £227 off the council tax bills of an average band D home.

We would encourage every eligible council to participate and receive the extra government funding to support the freeze.

Matrix of Budget Options - £8.8m Required

	Council Tax at 0% £m	Council Tax at 0% £m	Council Tax at 2% £m	Council Tax at 2% £m	Council Tax at 3.5% £m	Council Tax at 3.5% £m	Council Tax at 3.85% £m	Council Tax at 3.85% £m
Difficult savings options - £4.3m	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Council Tax	0.0	0.0	0.7	0.7	1.7	1.7	2.0	2.0
“Harder” Options - £2.5m	2.5	2.5	2.5	1.8	2.5	0.8	2.5	0.5
“Very Hard” Options - £3.7m	2.0	0.0	1.3	-	0.3	-	0.0	0.0
Use of Reserves	0.0	2.0	0.0	2.0	0.0	2.0	0.0	2.0
Total	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Longer term impact on the Budget (+equals more resources/less savings)	0.0	0.0	+1.7	+1.7	+2.7	+2.7	+3.1	+3.1
Available for one-off investment	10.0	2.0	10.0	2.0	10.0	2.0	10.0	2.0

Shaded column recommended by Cabinet

Report to: The Cabinet

Date: 11th February 2013

Report of: Deputy Chief Executive

Report No:

Contact Officer: S. M. Arnfield

Tele No: ext 1502

Report Title: **General Fund Balances/Financial Risks**

Non -Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To outline the Deputy Chief Executive's advice on the Financial Risks facing the Council and the appropriate level of Balances to be maintained

Recommendations: That the minimum level of Balances for 2013/14 should be £10.0m or higher if possible.

1. INTRODUCTION

The council maintains two types of Revenue reserves, earmarked reserves and general reserves (Balances). Earmarked reserves are set aside for specific purposes/commitments whereas general Balances are maintained to support the overall Council's cash-flow and meet any unforeseen contingencies/demands.

This report considers the current level of general Balances, evaluates the reasons why Balances are maintained (i.e. the general financial risks facing the Council) and provides advice on the appropriate level of Balances to be maintained by the Council in the light of Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). Appendix D sets out the Council's current position in respect of Reserves.

2. NEED FOR GENERAL BALANCES

Whilst the Council's annual Budget provides resources to meet any known liabilities or expenditure requirements, Balances are amounts which are set aside to meet unexpected changes in the Budget and to finance demands for resources which cannot be predicted and are assessed on the basis of the general financial risks facing the Council.

The requirement for Balances is acknowledged in statute with Section 32 of the 1992 Local Government Finance Act requiring Authorities to have regard to the level of Balances needed to meet estimated future liabilities when calculating their Budget requirement. The Chief Finance Officer has the responsibility to ensure that the Council maintains a balanced Budget with powers under Section 114 of the 1998 Local Government Finance Act to report to the Council should its liabilities be in danger of exceeding its resources. Equally, the External Auditor has a responsibility to review and report on the Council's financial standing. Further requirements within the 2003 Local Government Finance Act reinforce the above with additional monitoring and reporting responsibilities.

In drawing together the Council's capital and revenue budgets and four year financial strategy, the level of general Balances and Financial Risks are always carefully considered. The provision of an appropriate level of Balances is therefore a fundamental part of prudent financial management.

3. MINIMUM LEVEL OF RESERVES

The Audit Commission recommends that Authorities should maintain Balances equivalent to 3% of their Budget, for 2013/14 this would amount to approximately £15m. However, whilst this is recommended guidance, the decision on the appropriate level of Balances is one for the Council, with advice from its Deputy Chief Executive, to determine. There are several factors/financial risks that need to be taken into account in considering what is a prudent level of Balances:

i) Revenue Contingencies

The Council does not maintain a general contingency within its revenue budget but relies on in year savings and Balances to meet any unexpected demands. For example, a pay increase of 0.5% more than that allowed for in the Budget would cost £650,000, excluding Teachers. A price variation of 0.5% would cost £1m.

ii) Interest

In recent years the Council has been successful in managing the interest that it pays out/receives and savings in this area have generally added to Balances. However, fluctuations in interest rates cannot be totally forecast and given the

Council's overall debt of approximately £90m an unexpected increase in interest rates would increase the Council's costs.

iii) Capital

The Council now has a capital programme in the order of £45m per annum. Within the capital programme there are no contingencies and whilst the programme is actively monitored and managed, there is the potential for a demand on Balances from any capital overspend. In addition because of the economic climate there may be difficulties in generating the level of Capital Receipts assumed in the capital programme. For 2013/14 this has been included at £2m.

iv) Economic Climate

The current downturn in the general economic climate is creating pressures for the Council in several ways. Demand for services, particularly those to support business, support those who are unemployed and to process benefits are increasing. In addition, several of the income/revenue streams may be affected by reduced demand/take up. Both the above items have been reflected in the budget but the change in demand cannot be absolutely forecast and therefore there may be changes in cost/income levels during the year.

v) Council Tax Support Scheme

From 1st April 2013 the Council is to introduce a Local Council Tax Support Scheme. The full risk of increasing numbers of claimants and greater individual claimant eligibility remains within the Council. This is a major risk to the Council's resources, particularly in the early years of the new schemes.

vi) Local Business Rates

From 1st April 2013 Business Rates are being changed from a National to a Local scheme. This means that the Council faces 50% of the risk of non-collection due to businesses failure to pay or going into Administration. In the current economic climate this risk is significant. The Business Rates assumptions provide a £0.5m provision against such losses and the Government provides an overall safety net. However, this safety net is based upon losses amounting to 7.5% of the total Business Rates or approximately £6m. Overall therefore the Council faces having to meet any losses between £0.5m and £6m from General Balances.

vii) Un-predictable Demand Led Expenditure

Major parts of the Council's Budget, particularly in Social Care Services and Education are "demand led" and as we have seen in previous years, can create significant demands for increased expenditure during the year. Services maintain modest Reserves of their own, currently £3.4m to meet minor Budget variations.

viii) Emergencies

The Council is required to maintain provision to meet the cost of emergencies that cannot be met from main Budgets or by Insurance. Significant costs on emergencies are met by Central Government under the "Bellwin Scheme" but these are only triggered once the Council's expenditure has exceeded a pre-determined limit (currently £851,000). Costs above this limit are covered by Central Government but only up to 85%.

ix) Unexpected Demands

Balances also need to provide sufficient resources to meet unexpected demands, particularly those that result from a legal decision, a change in Government legislation or a determination of Government legislation. In the past the Council has had to fund several major issues of this nature.

x) Service Deficits

Balances are also required to offset any Budget deficits carried forward or generated during the year by services as allowed under Financial Regulations.

xi) General Risks

It is also important to weigh up the general risks facing the Council and evaluate what any potential financial impact may result from these risks. The Deputy Chief Executive and the Council's Risk Manager have undertaken a review of these risks. The areas with a potentially significant financial impact are as follows:

Economic Climate
Changes in Government Funding
Potential Legal Claims
External Suppliers going into Administration

These have been taken into account in the overall evaluation of the minimum level of Balances to maintain.

4. REVIEW OF 2013/14 RESERVES POSITION

The last quarterly report estimated available Balances at 31st March 2013 at £10.3m. The review of the last 12 months does not suggest that there are any additional factors to take into account in 2013/14, other than those referred to in this note, although it is difficult to predict whether the economic climate will add further to the demands on the Council's services or reduce the income we receive. On this basis I am recommending that the current minimum level of Balances remain at £10.0m in 2013/14.

5. DEPUTY CHIEF EXECUTIVE ADVICE ON THE MINIMUM LEVEL OF BALANCES

Section 25 of the Local Government Act 2003 requires the Deputy Chief Executive to report to the Council when it is setting its Budget/Council Tax on the "robustness of the estimates" and the "adequacy of the reserves".

Equally the Council should not hold usable Balances at too high a level as this would not be making the most effective use of the Council's overall resources when faced with significant demands for increased levels of service. However, Balances at up to £18m would not be regarded as inappropriate.

At this point in time, bearing in mind the above and the size of the Council's Budget at £695m, I would recommend that a minimum level of Balances for the Council to maintain would be £10m (but if possible should be at a higher level).

Use of Balances

Any future use of Balances above the recommended level are best used to support "one off" initiatives/investment. Any significant use of Balances to meet the on-going costs of services should only be considered on the basis of providing a Revenue contribution for the 4 years of the Medium Term Financial Strategy.

6. **SUMMARY**

The report has set out the various factors that influence the level of Balances which must be maintained to meet any unexpected increases in expenditure or shortfall in income during the year. The Deputy Chief Executive advice is that as a minimum Balances should be maintained at £10m but if possible should be at a higher level.

POTENTIAL ONE-OFF INVESTMENTS (Over next 4 years)

Anti Poverty Strategy

Additional investment in Private Sector Renewal

Investment in Sporting/Leisure Facilities

Town Centres – General Initiatives

Town Centre Car Parking

Investment in Wider Economic Initiatives

Investment in Highways/Footpaths

Investment in Parks and Greenspace

Transitional Fund for Voluntary Sector

GENERAL FUND SUMMARY

	2012/13 Original Estimate £000	2013/14 Original Estimate £000
Service Controllable Budgets		
Children's Services	254,506	271,714
Adults	65,433	66,287
Public Health		18,115
Environment	26,671	25,144
Development and Regeneration	7,445	7,329
Housing	2,458	2,161
Central etc.	28,022	32,561
Financing & Investing	16,610	15,886
Levies	39,727	41,584
Miscellaneous	3,836	812
Net Expenditure	444,708	481,593
Parishes	365	362
Sub Total	445,073	481,955
Income		
DSG	219,071	223,349
Retained local business rates		40,897
Collection Fund transfer	102,720	
Council Tax contribution		87,235
Council Tax "Freeze" Grant	2,526	
New Homes Bonus		2,405
RSG	2,277	107,954
NNDR	117,479	
LPSA Reward One-Offs	1,000	
Public Health Funding		18,115
Use of Reserves		2,000
Total	445,073	481,955

SUBJECTIVE ANALYSIS

	2012/13 Original Estimate £000	2013/14 Original Estimate £000
Expenditure		
Employees	309,121	314,475
Premises	37,059	37,922
Transport	19,127	19,245
Supplies & Services	74,273	69,089
Agency	113,218	130,797
Transfer Payments	107,181	88,944
Capital Finance	27,468	34,490
Expenditure Gross	687,447	694,962
Income		
Grants and Contributions	177,538	135,471
Customer & Client Receipts	56,798	52,743
Rents	5,262	6,405
Interest, Dividends and Distributions	3,141	2,546
Income Gross	242,739	197,166
Savings		-16,203
Net Expenditure *	444,708	481,593
* Before Direct Schools Grant of	219,071	223,349

THE FINANCIAL ARRANGEMENTS ACCOUNT

	2012/13 Original £000s	2013/14 New £000s	Comment
Corporate Financing Cost	15,610	17,758	New commitments less savings
Transferred Debt	1,499	1,499	
Interest and Contributions	-701	-945	
Airport Dividend	-275	-1,000	
Airport Rents	-428	-410	
Airport Loan Interest	-1,076	-1,076	
Debt Management	150	60	
FINANCING & INVESTING	14,779	15,886	
Waste Disposal Levy	18,965	20,996	
Land Drainage Levy	139	132	
Transport Levy	19,424	20,456	
LEVIES	38,528	41,584	
Former Employee Pensions	1,140	852	Savings
Car Parks	-660	-350	
Building Schools for the Future	50	50	Savings
Climate Change Levy	482	382	
Inflation Provision (mainly Energy)	1,200	0	
Equal Pay/Pay Review	4,870	240	Savings
LPSA Grant	-1,000	-1,000	
Miscellaneous	20	0	Savings
Recoverable Charges	-35	0	
Recharges	30	38	
School Meals Subsidy	600	600	
One-off use of Corporate Balances	-300	0	
2011/12 Accommodation Review	-500	0	Allocated to Departments
MISCELLANEOUS	5,897	812	
TOTAL	59,204	58,282	

COLLECTION FUND

	2012/13 Original £000	2012/13 Revised £000	2013/14 Budget £000
Expenditure			
Bolton	102,725	102,725	87,235
Police	12,180	12,180	10,359
Fire and Civil Defence	4,443	4,443	3,998
Total Expenditure	119,348	119,348	101,592
Income			
Council Tax	117,817	118,282	101,127
Surplus/(Deficit) for year	(1,531)	(1,066)	(465)
Balance Brought Forward	1,531	1,531	465
Balance Carried Forward	0	465	0

COUNCIL TAX (NON PARISH COUNCIL AREAS)

Band	Properties	2012/13	2013/14	Increase
A	51.3%	£939.89	£972.83	£32.94
B	17.3%	£1,096.54	£1,134.97	£38.43
C	15.0%	£1,253.18	£1,297.11	£43.93
D	8.5%	£1,409.83	£1,459.24	£49.41
E	4.4%	£1,723.12	£1,783.51	£60.39
F	1.8%	£2,036.42	£2,107.79	£71.37
G	1.5%	£2,349.72	£2,432.07	£82.35
H	0.2%	£2,819.66	£2,918.48	£98.82

Over 50% of households will receive reduced Council Tax bills through the Council Tax Support Scheme and Personal Discounts. For Council Tax the maximum support through the Council Tax Support Scheme is 100%.

DRAFT SUBSTANTIVE COUNCIL TAX RESOLUTION

- (i) That the following recommendations of the Cabinet on 11th February 2013 be approved:-

The Cabinet on the 11th February, recommended the following:-

- i) That £8m of the £10m “available” reserves be earmarked to support the Revenue Budget over the next 4 years (ie. £2m a year, which will provide a £2m contribution to the 2013-15 Savings target).
- ii) That the Council be recommended to set its element of the Council Tax (ie. excluding Waste and Transport Levies), at an increase in 2013/14 of 1.2%, being within the 2% limit set by Government above which a Referendum would be required, meaning an overall increase in Council Tax bills of 3.5%, including the Waste (8.3%) and Transport (5.6%) Levies and Precepts from Police (3.46%) and Fire (9.48%), thus raising an additional £1.7m.
- iii) That in order to meet the balance of the savings requirement that the following savings be agreed:-

	£000
All the savings in the “Difficult” list in Appendix C(i)	4,370
Reduced spend on Area Forums/Neighbourhood Management	200
Review of the Council Tax Support Scheme in 2014-15	100
Reduced Funding for “one-off events”	50
Reduced Leisure Subsidies	50
Savings in Highways not impacting on road maintenance	100
Reduced Play Service	150
Reductions in in-house Adult Social Care (incl. extra care, reablement etc)	150

Additional Savings Total	5,170

- iv) That by using an element of reserves (resolution (i)) and increasing the Council’s element of the overall Council Tax Bill by 1.2% the following Budget Options will not now be taken forward:-
 - Full removal of the Area Forum/Neighbourhood Management Budgets and staffing
 - Full removal of the Leisure Subsidies for free swimming, targeted lessons and over 60’s free leisure use
 - Further significant reduction in Neighbourhood and Community Services, i.e. grass cutting, street sweeping, maintenance of parks etc.
 - Further significant reduction in Highways, ie. Reduced maintenance of footpaths and roads and delays in the replacement of damaged signs, lighting etc.
 - Reduction in Disabled Children’s Services
 - Changes in Leaving Care Management
 - Further reduction in Personal Advisor services (Careers advice) to young people to the minimum to deliver the Council’s statutory responsibilities
 - Further reduction in in-house Adult Social Care
 - Libraries reduced hours across the network or alternatively the closure of some libraries
 - Review of front-line Housing services
 - Significant review of the Council Tax Support Scheme impacting on all non-pensioner claimants

- Significant reduction in the Children's Services Early Interventions Team which provides preventative services to support children and families who are dis-engaging from Education
- Closure of a number of Children's Centres
- Closure of a Children's Bungalow that provides respite care to parents of children with disabilities

- v) That one-off resources available for the next 4 years of £8.1m, which includes an additional £2m from the "available" reserves and the extra £0.5m New Homes Bonus distribution announced by the Government in the final Settlement, be allocated as follows: -

	£m
Additional investment in Housing Private Sector Renewal	2.0
Investment in Sporting/Leisure Facilities	1.5
Support for the Economy	2.0
Transitional Fund for Voluntary Sector	0.1
Anti-Poverty Strategy	1.0
Retain to meet unforeseen and/or future needs	1.5

Total	8.1

- vi) That the Chief Executive submit proposals for consultation relating to the Council's pay and grading structure that will see an increase in the lowest pay rate paid to Council staff with a view to broadly restoring the gap that existed when the new pay rate was introduced in 2009 between the Council's lowest pay rate and the minimum wage and that such proposal be self-financing from the overall costs of employment.
- vii) That consequent to the recommendations detailed in (i) to (vi) the Council be recommended to approve the Budget for 2013/14 and the outline Budget for 2014/15.
- viii) The Council be recommended to approve the Capital Programme for 2013/14 to 2015/16
- ix) The Council be recommended to approve the Investment and Prudential Indicators and Treasury Strategies 2013/14 to 2015/16

- (ii) It be noted that on 28th January 2013 the Cabinet calculated

- (a) the Council Tax Base 2013/14 for the whole Council area as 69,053 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"); and
- (b) for dwellings in those parts of its area to which a Parish precept relates as:

Parish Councils

The Parish of Blackrod	1,756	Band D equivalents
The Parish of Horwich	6,924	Band D equivalents
The Parish of Westhoughton	8,067	Band D Equivalents

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year 2013/14 for dwellings in those parts of its area to which one or more special items relate.

- (iii) Calculate that the Council Tax requirement for the Council's own purposes for 2013/14 (excluding Parish precepts) is £86,873,000.

(iv) That the following amounts be calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Act.

- | | | |
|-----|-----------------------------------|---|
| (a) | £235,685,837 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils. |
| (b) | £148,850,402 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. |
| (c) | £86,835,435 | being the amount by which the aggregate at (iv)(a) above exceeds the aggregate at (iv)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act). |
| (d) | £1,257.52 | being the amount at (iv)(c) above (Item R), all divided by Item T ((ii)(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts). |
| (e) | £362,435 | being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act, each individual parish precept being:-
<div style="margin-left: 20px;"> Blackrod £ 49,000
 Horwich £184,386
 Westhoughton £129,049 </div> |
| (f) | £1,252.27 | being the amount at (iv)(d) above less the result given by dividing the amount at (iv)(e) above by Item T (ii)(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. |
| (g) | <u>Part of the Council's Area</u> | <div style="display: flex; justify-content: space-between;"> <div>Parish of Blackrod</div> <div>£1,280.17</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Parish of Horwich</div> <div>£1,278.90</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Parish of Westhoughton</div> <div>£1,268.27</div> </div> |

being the amounts given by adding to the amount at (f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned at (e) above divided in each case by the amount at (ii) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(i) Part of the Council's Area

<u>Valuation bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
A	£853.45	£852.60	£845.51	£834.85
B	£995.69	£994.70	£986.43	£973.99
C	£1,137.93	£1,136.80	£1,127.35	£1,113.13
D	£1,280.17	£1,278.90	£1,268.27	£1,252.27
E	£1,564.66	£1,563.10	£1,550.10	£1,530.55
F	£1,849.14	£1,847.30	£1,831.94	£1,808.83
G	£2,133.63	£2,131.50	£2,113.78	£2,087.12
H	£2,560.35	£2,557.80	£2,536.53	£2,504.54

being the amounts given by multiplying the amounts at (f) and (g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands

- (v) That it be noted that for the year 2013/14 the Greater Manchester Fire and Civil Defence Authority and the Greater Manchester Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

Precepting Authority

<u>Valuation Bands</u>	<u>Greater Manchester Fire & Civil Defence Authority</u>	<u>Greater Manchester Police Authority</u>
	£	£
A	38.43	99.55
B	44.83	116.15
C	51.24	132.74
D	57.64	149.33
E	70.45	182.51
F	83.26	215.70
G	96.07	248.88
H	115.28	298.66

- (vi) That, having calculated the aggregate in each case of the amounts at (iv)(f)(i) and (v), the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2013/14 for each of the categories of dwellings shown below:-

(i) Part of the Council's Area

<u>Valuation bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
A	£991.43	£990.58	£983.49	£972.83
B	£1,156.67	£1,155.68	£1,147.41	£1,134.97
C	£1,321.91	£1,320.78	£1,311.33	£1,297.11
D	£1,487.14	£1,485.87	£1,475.24	£1,459.24
E	£1,817.62	£1,816.06	£1,803.06	£1,783.51
F	£2,148.10	£2,146.26	£2,130.90	£2,107.79
G	£2,478.58	£2,476.45	£2,458.73	£2,432.07
H	£2,974.29	£2,971.74	£2,950.47	£2,918.48

- (vii) That the Council's basic amount of Council Tax for 2013/14 at an increase of 1.2% is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.
- (viii) That the Deputy Chief Executive be delegated authority to collect revenues and disburse monies from the relevant accounts.
- (ix) That it be noted that the Government have set a National Non-Domestic Rate of 46.2p in the pound for small businesses and 47.1p in the pound for larger businesses for the financial year 2013/14.
- (x) That the Council's current policy in respect of discretionary relief for charitable organisations, as approved by the Cabinet on the 11th February 2013, be reaffirmed and that the Deputy Chief Executive be delegated authority to determine applications for such relief.
- (xi) That War Disablement Pensions and War Widows' Pensions be disregarded for the purposes of the Council Tax Support Scheme.
- (xii) That the minutes of the proceedings of the meetings of the undermentioned Executive Cabinet Members' recommendations on various associated budgetary matters be noted:-

Leader's Portfolio	4 th February 2013
Deputy Leader's Portfolio	28 th January 2013
Environment, Regulatory Services & Skills	21 st January 2013

- (xiii) That the minutes of the proceedings of the undermentioned Scrutiny Committees regarding their consideration of specific policy budgets be noted:-

Corporate Issues	6 th February 2013
Adults and Community Services and Children's Services	30 th January 2013
Environmental Services and Skills	29 th January 2013

STRATEGIC EQUALITY IMPACT ASSESSMENT

Budget update and savings options 2013-15

Date: 20th February 2013
Prepared by: Assistant Director, People and Transformation

Executive Summary

Background and context

As Britain continues to experience an “age of austerity” as a result of the global economic recession, the financial picture for local government remains very difficult. The report sets out the budget for 2013/14, as recommended by Cabinet on 11 February 2013.

The budget setting process is set within the context of the significant financial savings which the council must make. Members will be aware that the council’s savings forecast for the 2013-15 period, following receipt of the council’s revenue support grant in December 2012, is £43.4m or £8m more than was forecast in September 2012. Members will recall that proposals for savings of £34.6m – from a combination of financing costs, contingencies, and service spending – were approved by the Cabinet on 14 January 2013 following public consultation. Options for achieving the £8.8m budget shortfall were presented to the Cabinet on 11 February 2013, and a recommendation on which options to take forward to Council was made. These options are therefore set out in the budget report.

It is important to stress that in identifying options to achieve these additional savings, the council needs to strike a balance between the impact on the general public of a Council Tax increase and the impact on the public in terms of service reductions. The options presented to Cabinet on 11 February therefore included a review of Reserves and options for the use of available Reserves; a range of budget saving options; and the potential choices and implications of a range of Council Tax options. The recommendations made by the Cabinet and included in this report include a combination of these options.

While difficult, the recommended approach seeks to avoid the hardest and most significant of the possible service impacts, particularly for Bolton’s most vulnerable people. However, the recommended approach would have a financial impact on those who pay council tax in Bolton, who would be asked to pay an increased rate of council tax in order to reduce the level of savings required from council services. It is recognised that this would add an additional financial pressure to households in Bolton. For a Band A property, this would amount to £32.94 per year, or 63 pence per week.

It is important to explain that the council has already delivered a programme to save £60m across 2011-13. This was carefully managed in line with the council’s philosophy, in order to limit the worst of the impacts for local people, particularly for the most vulnerable. For example, savings were prioritised from efficiencies and ‘back office’ services, in order to limit the impact on staff and front line services. However, delivery of these savings inevitably had some impact on service delivery. This analysis was set out in the strategic EIA which accompanied the council’s budget report in February 2012, and can be summarised as follows:

Service users

- A comprehensive review of services for *children and young people* sought to target resources towards the most vulnerable and those most in need, and to ensure statutory duties continued to be met. However, this approach had some effect on universal provision and the council’s ability to provide some value added and preventative services. These reviews also affected parents/carers and, to a limited extent, children with disabilities

- Transformation within adult social care changed the way in which services for *older people* – including people who have a disability or complex care needs – are delivered. The focus continues to be on providing appropriate, quality and affordable care which promotes independence, choice and control; and ensuring that statutory duties are met. However, there have been changes to how and where services are delivered; eligibility for services; and fees and charges, which has had an impact on older people and their carers
- The major reduction in Bolton's grant funding has affected the ability of the council to tackle the effects of deprivation in *socio-economically disadvantaged areas*. Remaining resources continue to be used to promote economic prosperity and narrow the gap in Bolton's most deprived areas, for example through neighbourhood management and area working, but resources are much more limited than in previous years
- Changes to *universal services*, including libraries, neighbourhood services and highways, affected service delivery for people across the borough

Partners

- While the council continues to provide significant funding for the *voluntary sector*, partners from across this sector have experienced some changes to and/or reductions in funding. The council continues to work with partners to maintain Bolton's strong partnership relationships, manage the impact of funding changes, and to do this in a joined up way
- In addition to the impact of national policy changes, *schools* have been affected by changes to how the council's services for children and young people are delivered

Staff

- As a result of the two year budget programme, the council's workforce reduced by 833 posts. This was almost entirely achieved through vacancy management and voluntary means. However, staff have been affected by changing roles, responsibilities and service structures
- The changing shape of the workforce means that the workforce profile also changes as people leave the organisation. Analysis of leavers' data for this period was set out in the Strategic EIA of February 2012, and shows that the profile of leavers was broadly in line with that of the council workforce as a whole. Key exceptions (compared to the workforce as a whole) were: leavers were more likely to be aged 30 or under, and 51 and above; a greater proportion of leavers were male and a smaller proportion were female; a smaller proportion of leavers had caring responsibilities; and a greater proportion of leavers worked part-time

In order to deliver a legal budget, as explained above the council now needs to save a further £43.4m for the period 2013-15 from the council's controllable budget of £178m.

The council continues to seek to limit the impact of its budget reductions on the borough's most vulnerable people - because this is the right thing to do, and because the council must continue to meet its statutory duties. However, it is important to explain that limiting the impact on frontline services becomes increasingly difficult each year, as services are reviewed and efficiencies are made.

In addition, 55% of the council's controllable budget is spent on support for vulnerable adults and children – i.e. social care services. This means that the council is already spending a larger proportion of its budget on small numbers of people with the greatest need and less money on universal services. The council must continue to meet its statutory duties, for example in relation to providing social care services for those who are eligible. In practice, the demand on these services means that the council is very limited as to where it can make savings from. Therefore, in order to ensure that statutory duties are met, and to limit the impact on the most vulnerable, the bulk of the savings will need to be made from 45% of the controllable budget.

The council therefore faces some very difficult decisions about service delivery as it makes the savings for the coming two years, particularly in relation to saving the remaining £8.8m which is required to set a legal budget for this period. The proposals seek to deliver the "least worst" outcome for Bolton, but many of the high level proposals set out in this report will therefore have an impact on stakeholders, including service users, council tax payers, partners, and staff.

Philosophy

While achieving the necessary savings will be very difficult, the council continues to have a clear philosophy for the delivery of its budget. This was reconfirmed as part of the current year's budget process, and seeks to:

- Attempt to "protect" at a strategic level the Council's ability to achieve economic prosperity and narrow the gap, i.e. seek to minimise the impact on these strategic goals when reducing the budget
- Ensure that services to the most vulnerable children and adults are impacted least through the budget proposals and that these services remain "safe"
- Maximise proposals that improve efficiency and make savings from management and administration where possible before front-line services
- Move from universal to targeted provision in order to focus the available resources in services to clients or the geographical areas with the greatest levels of need
- Reduce the level/quality of services from excellent to good or good to satisfactory to deal with the budget reductions
- While putting the needs of local people and council tax payers first seek to minimise the impact on staff and to avoid compulsory redundancies if possible

The approach to managing and mitigating service impact

As set out above, the scale of the savings required and the restrictions on which parts of the council's budgets these can be made from, means that the council has to make some very difficult decisions about service provision in order to deliver a legal budget for 2013-15. The council will take the following steps to deliver the best options for Bolton from a very difficult set of choices, and to manage and mitigate the worst of the impacts arising as far as possible:

- The council has once again sought to deliver the savings through a two year programme, to provide time for options to be worked up in detail and phased appropriately for implementation up to 31 March 2014
- As in previous years, strategic budget allocations have sought to make smaller percentage savings from the departments which have a lead role in delivering front-line and statutory services for vulnerable children and adults – a clear part of the strategy to ensure that statutory provision continues to be met, and to limit the impact on the most vulnerable in the borough
- As set out in table 1 below, the percentage savings required for 2013-15 range from 5.9% in Adult and Community Services, to 29.4% in the Chief Executive's department

Table 1: Savings 2013-15		
Department	Saving	Percentage of departmental budget
Adult and Community Services	£3.7m	5.9%
Children's Services (excluding schools)	£5.7m	11.4%
Development and Regeneration	£2.1m	28.4%
Environment (excluding waste)	£4.1m	21%
Chief Executive's	£4.9m	29.4%
Other savings from across the council	£10.9	n/a

- As in previous years, departmental savings options have been developed in line with the council's philosophy. For example, the council is seeking to prioritise savings from universal and 'back office' services; and to move from universal to targeted provision where this is appropriate
- Table 2 shows the type of savings that are proposed to be made. While it is becoming increasingly difficult, there are still savings to be made from efficiencies. However, a greater proportion of savings will have a service impact than in the previous budget programme

Table 2: type of savings proposed across 2013-15, compared with the distribution in 2011-13		
Type of saving	% 2013-15	% 2011-13
Efficiencies: administrative/management changes	30.4%	28.3%
Efficiencies: buying arrangements	4.4%	5.2%
Efficiencies with some impact on customers/clients	15.7%	16.8%
Additional income	0.5%	4%
Service impact	49.0%	45.7%
Total	100%	100%

- The package of options set out at appendix B therefore seeks to deliver the "least worst" outcome for Bolton, and to avoid the worst of the impacts for our most vulnerable people and ensure statutory compliance. The rationale behind the proposed options is discussed in section 3 of this EIA
- Furthermore, it is important to recognise that in meeting the budget shortfall of £8.8m, the council must strike a balance between the impact on the general public of a Council Tax increase and the impact on the public in terms of service reductions. The recommended approach therefore includes the use of reserves to support the revenue budget; a 3.5% increase in council tax; and options to reduce service budgets. It should be stressed that this approach seeks to avoid the hardest and most significant impacts on services, particularly for vulnerable people, but that this approach would have a financial impact on council tax payers, who would be asked to pay an increased level of council tax in order to reduce the level of savings required from council services
- In addition, it was agreed in September 2012 and added to by the Cabinet on the 11th February 2013 that some capital/one-off funding be used to mitigate the impact of some of the savings proposals; and to counter some of the impacts of the economic position in Bolton. This is set out in table 3 below:

Table 3: proposed investment to mitigate impact	
Area	£000
Investment in Highways and Footpaths	5,000
General investment in Town Centres	1,000
Support for potential key Town Centre developments	2,000
Strategic Acquisitions	2,000
Bus/Rail Interchange – Supportive Investment	1,000
Additional investment in Housing Private Sector Renewal	2,000
Investment in Sporting/Leisure Facilities	1,500
Support for the Economy	2,000
Transitional Fund for Voluntary Sector	100
Anti-Poverty Strategy	1,000

- As with the previous budget programme, consultation will be completed with key stakeholders, to inform the final proposals which are brought forward. This will include:
 - Specific stakeholder consultation on each individual review as it comes forward; and
 - Consultation with the recognised Trades Unions.
 - This is in addition to the consultation on the initial strategic budget options, which took place between September and December 2012
- In addition, the council will continue to work closely with partners, including the voluntary, community and faith sector, to manage the impact of the proposals as far as possible and practical
- In terms of staff, the council will continue to aim to deliver reductions in the workforce through vacancy management and voluntary means as far as possible, and a redeployment package for displaced staff will continue

The council understands the options and budgets at a strategic level, and is confident that the savings can be made in line with its strategic philosophy and approach. However, as the detailed budget options will be brought forward in a phased approach to budget delivery, some options will not be worked up in detail until later in the programme.

It is therefore presently too early to provide a fully detailed assessment of the impact of the budget options set out in this report. Further detail on equality impact will be set out in the EIAs which accompany individual reviews, and updated strategic EIAs will be brought forward at key points during the programme. These will look at the overall impact of the proposals as further detail becomes available, and whether any groups may be affected by more than one proposal. In the meantime, the remainder of this strategic EIA provides a high level response to the council's standard EIA questions.

Equality Impact Assessment questions

1. Describe in summary the aims, objectives and purpose of the proposal, including desired outcomes

The report sets out budget options to deliver savings across 2013-15. This includes savings of £34.6m, which were agreed on 14 January following strategic budget consultation; and a recommendation for meeting the budget shortfall of £8.8m.

The proposals have been developed in line with the council's philosophy, which seeks to deliver the 'least worst' options for Bolton at this very difficult time, to manage and mitigate as far as possible the impact on the borough's most vulnerable children and adults, and to ensure that statutory duties continue to be met. However, the council must deliver a legal budget, and many of the proposals are therefore likely to have an impact for a range of stakeholders, as set out in the sections below.

Achieving the £8.8m shortfall is likely to be especially difficult. In meeting this shortfall, the council must strike a balance between the impact on the general public of a Council Tax increase and the impact on the public in terms of service reductions. Cabinet has made a recommendation as to how this balance could be struck, based on a combination of the use of reserves; an increase in council tax; and savings from service budgets. However, it is recognised that the recommended approach would have an impact on a range of stakeholders, including council tax payers, service users, partners and staff.

2. Who are the main stakeholders in relation to the proposal?

As set out in previous strategic EIAs, the very nature of the services which the council provides, and the scale of the savings required, mean that a range of stakeholders are likely to be affected by changes to council activity in some way over the coming years (e.g. staff, service users, Elected Members, Trades Unions, local public sector partners, local businesses). In particular:

- **Service users/their carers** – both now and in the future, may find that some aspects of service provision change. Some services may change fundamentally and be delivered in a very different

way; some services may reduce or stop; and some customers' eligibility to access services may change.

- **Members of the general public** – will be affected by changes to universal services and council tax.
- **Organisations working with or supported by the council** – the reducing level of resources available will continue to have an effect on the extent to which the council can provide financial support for the work of partner organisations. Equally, whilst difficult to quantify, the reduction in services provided by the council may also have an effect on the demands for the services provided by these partners.
- **Staff** – given the ongoing scale of the savings required, there will continue to be an impact on staff, whether through loss of employment or associated restructuring and change. The council's workforce has already reduced by 833 posts as a result of the previous two year budget programme. It is anticipated that the programme of £34.6m will result in a further reduction of approximately 465 posts, although there may be further loss of posts in trading activities as a result of some of the options e.g. the accommodation review; or from a loss of business with other agencies and schools. The staffing impact of delivering the recommended savings from services as part of the approach to save the additional £8.8m could be in the region of 50 further posts. However, had all the service savings which were identified for Cabinet on 11 February been taken forward, up to 200 further posts could have been affected. Managing the reduction through voluntary leavers and the deletion of vacant posts will continue to be a priority – there are currently 215 vacant posts.

3. In summary, what are the anticipated (positive or negative) impacts of the proposal?

The philosophy set out by the council to deliver its budget is very clear about the council's priorities, the need to protect the most vulnerable as far as possible and ensure statutory compliance. The approach set out in the earlier parts of this EIA seeks to deliver the best outcome for Bolton in very difficult circumstances and, where possible, mitigate the worst of the impacts, particularly for the borough's most vulnerable people.

To support this, the council has proposed savings options which seek to balance the interests of service users, the wider public, and staff, while also allowing the council to set a legal budget. However, the scale and breadth of the savings that are required, and the significant savings and efficiencies which have already been made, means that many of the proposals set out in the strategic budget options are likely to have an impact on stakeholders. At a time when very difficult decisions need to be made, this may well include impacts for people from Bolton's diverse communities.

Meeting the £8.8m budget shortfall

As previously explained, the delivery of the additional £8.8m savings now required is likely to be particularly difficult, and will have a further impact on Bolton's communities and council tax payers, as well as the council's staff and partners. Members will recall that the following options were put to Cabinet on 11 February for consideration:

Use of revenue:

A review of revenue has shown that £10m is available for one-off investment by the Council. Options are:

- Allocate £8m to the budget which is a contribution of £2m in each of the 4 years of the Medium Term Financial Strategy. This would leave £2m for further one-off investment. Or;
- Allocate £10m to support one-off investment initiatives such as private sector renewal, sporting/leisure facilities, town centres, transitional fund for the voluntary sector, anti-poverty strategy

Council tax:

Four options were put forward:

- Do not increase Bolton Council's council tax. This would mean that those who pay council tax in the borough would only have to pay additional council tax on the Police and Fire precepts, but this would mean that a greater proportion of savings would be required from council services
- Increase Bolton Council's council tax by 2%. This would increase income for the council by £0.65m in 2013/14 and £1.67m in 2015/16, and therefore reduce the level of savings required from council services. The increased cost of council tax for a Band A property would be £22.83 per year – or 44 pence per week
- Increase overall council tax by 3.5%. This would increase income for the council by £1.70m in 2013/14 and £2.73m in 2015/16, and therefore reduce the level of savings required from council services. The increased cost of council tax for a Band A property would be £32.94 per year – or 63 pence per week
- Increase overall council tax by 3.85%. This would increase income for the council by £2.0m in 2013/14 and £3.1m in 2015/16, and therefore reduce the level of savings required from council services. The increased cost of council tax for a Band A property would be £36.21 per year – or 69 pence per week

Services:

A range of budget options were identified, and prioritised into three categories:

- **Difficult** – whilst these savings are not easily achieved and they will have an impact on services, they are recommended to be taken as the first element of meeting the £8.8m shortfall. **These amount to £4.3m.** These include options such as savings from public health support costs and school meals; savings from administration; and from services which support planning and the economy
- **Harder Savings** – These have a more significant impact on many key priorities of the Council. Whilst deliverable they need to be considered against the alternative of increasing Council Tax. **These amount to £2.5m.** These include options such as reductions in disabled children's services, Personal Advisors for young people and in-house adult social care; ceasing play services, area forums and neighbourhood management; amending the local council tax support scheme; reducing leisure events and free swimming; and reductions from highways, neighbourhood and community services.
- **Very hard** – they hit hardest at the Council's priorities and should only be considered if Council Tax is frozen and no reserves are used. **These amount to £3.7m.** These include options such as further reducing library provision; closing some children's centres; closing the children's bungalow; further reductions in housing, highways, adult social care and the council tax support scheme; and reducing the Early Intervention Team to statutory provision only. Whilst only £1.9m will be required to meet the full £8.8m saving requirement, all the options identified by Directors were included in order to provide Members with some choice over the savings to be taken should any savings from this category be required.

The Cabinet recommended that the following be taken forward in order to meet the budget shortfall:

- Use £8m reserves to support the revenue budget over the next four years
- Increase council tax by 3.5% in line with the level consulted on with the public
- Take forward all of the "difficult" savings options
- Take forward a proportion of the "harder" savings options totalling £800,000. These would reduce spend in a range of services, including: area forums/ neighbourhood management; council tax support scheme; one off events; leisure subsidy; highways; play services; and in-house adult social care. However, on the whole the savings would be lower than the full options levels put forward to Cabinet in these areas. In addition, the savings of this nature proposed from neighbourhood and community services; disabled children's services; leaving care management; and Personal Advisors would not be taken.

This recommendation, while difficult, seeks to limit the very worst of the possible service impacts by using reserves and council tax income to offset the degree of savings required directly from services. This means that the "very hard" savings proposals set out above will not be taken forward at this time,

and the “harder” service options would not be taken forward to their full extent. In addition, it is proposed that some one-off investment is made over the next four years to support priority work, including: private sector renewal; sporting/leisure facilities; the economy; anti-poverty strategy; and the voluntary sector (transitional fund).

However, this approach would have a financial impact on those who pay council tax in Bolton, since they would be asked to pay an increased level of council tax in order to reduce the amount of savings needed from council services. For a Band A property, the increase would be £32.94 per year/63p per week. For a Band D property it would be £49.41 per year/95p per week. While this increase is not the highest of the options put forward to Cabinet, it is recognised that this will have an impact on households, particularly for those who are already under financial pressure.

Meeting the initial £34.6m

As a reminder, the rationale behind the options agreed for each department in relation to the delivery of £34.6m savings can be summarised as follows:

Adult Services – total net budget amounts to £62m, of which approximately 60% is used to buy in services from external providers and just under 40% is delivered by the Council. Adults have identified a range of options that seek to maintain the overall level of care and support provided to the public. The delivery of savings from these key services to vulnerable adults without any major impact on clients is difficult and challenging, particularly when the demand for these services is growing, because eligible care needs must be met statutorily. The options agreed, therefore, make savings from re-tendering contracts, transferring some services to external suppliers and reducing the costs in “in house” services. There will also be some impact on staffing in the Department.

Children’s Services – out of the total net budget of £50m, over £36m is spent on services to support vulnerable children. Direct services to vulnerable children have been protected and therefore proposed savings have been identified which target the available resources at those with the greatest need. There will be some reduction in the universal services provided by the Department. In doing this it has been key to ensure that adequate resources are maintained in preventative services and initiatives which aim to keep to a minimum the number of children who come into care.

Development & Regeneration – have sought fairly significant savings from Housing Services but this area was protected in the last 2 years. It is anticipated that the majority of savings will not have a significant impact on the services delivered to the public and will particularly ensure that homeless/housing advice and guidance and safeguarding services are maintained. Strategic Development is a reduction in capacity and will enable the major programmes and events such as the Food & Drink Festival to continue but any new initiatives/projects will require greater prioritisation and provide their own funding.

Environment – are seeking to make savings by a general reduction in the amount of maintenance provided on roads, pavements, street cleaning and green space. Implications will be a greater response time to repairs, the non-replacement of some damaged/broken highways signs, furniture etc., and a reduction in the frequency of grass cutting, road sweeping etc. The capital programme includes additional investment in Highways in order to partially offset this reduction. There will be staff reductions in all these areas and potentially also in traded services due to a steady reduction in the number of support contracts with internal departments and other organisations, particularly with schools and Bolton at Home.

Chief Executive’s – savings in these services are being delivered through efficiencies wherever possible. However there will be an impact in rate relief for some Charities, some delays in responding to customers in the One Stop Shop and Call Centre, particularly at peak times. In addition significant capacity will be taken out of support services such as HR, finance and ICT which will impact on the Council’s and individual services ability to deliver savings effectively and consistently.

Corporate Savings – these savings will have major impacts across the Borough, and include:

Waste Disposal/Collection – changed arrangements to increase recycling, extend food waste collections and revise frequencies for other collection. This will reduce overall waste disposal charges. Public consultation on these proposals has taken place, and final proposals will be brought forward in due course.

Council Tax Discounts/Benefits Scheme – changes to Council Tax discounts on empty properties and amendments to Council Tax Benefit will impact on some citizens across the Borough. Wherever possible these have been targeted so as to limit the impact on the most financially vulnerable. Consultation and detailed EIAs on these proposals have been completed, and final schemes agreed. However, the Cabinet recommends that a review of the council tax support scheme takes place for 2014/15 in order to achieve an additional £100,000 in savings.

Voluntary Sector Grants – savings in these grants will impact on several organisations but the Council will work with the voluntary sector to minimise the impact.

Leisure Trust – savings here have been discussed with the Leisure Trust and will as far as possible be delivered by investing in facilities and generating additional income.

In terms of Council Tax, any increase in council tax has a financial effect on all those who pay council tax in the borough. However, by raising council tax the council is able to increase its income and, therefore, reduce the amount of savings which may otherwise need to be achieved by changing or reducing service provision for customers, including those who may be from vulnerable groups. This therefore offers a degree of protection for services for the most vulnerable. In making a decision about the delivery of savings, the council needs to strike a balance between the impact on the general public of a Council Tax increase and the impact on the public in terms of service reductions. As set out above, it is recommended that council tax be increased by 3.5%, in line with the level consulted on with the public, in order to generate additional income and reduce the level of savings required from services. However, it is recognised that this will have a financial impact for households in Bolton, which may be particularly difficult for those who are already under financial pressure.

An early headline analysis of the anticipated impact of the strategic budget options is set out in section 4 of this EIA, but it will be necessary to bring forward further strategic EIAs at key points throughout the programme, as the detail of individual options is developed. Throughout this process, the council will need to consider the impact of its proposals on its duties under national equalities legislation, which require it to have due regard to the outcomes below, while also ensuring that the council can set a legal, balanced budget:

- Eliminating unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act
- Advancing equality of opportunity between people who share a protected characteristic and people who do not share it
- Fostering good relations between people who share a protected characteristic and people who do not share it

4. Is there any potential for (positive or negative) differential impact or adverse impact with regard to the identified stakeholders and the diversity groups (race, religion, disability, gender, gender reassignment, age, sexuality, caring status, pregnancy and maternity, marriage and civil partnership, socio-economic)? Can this be justified/what mitigating actions will be taken?

The full range of savings options agreed to deliver £34.6m is set out in appendix B of the report. Recommendations to deliver the £8.8m budget shortfall are set out at appendix C. The initial analysis of impact, based on the rationale described above and the areas where savings are proposed, is set out below. It should be stressed that, where possible, the options seek to make savings from efficiencies and areas such as supplies and services, accommodation, senior management and back office support services such as Human Resources and Finance to limit the direct impact on front line service delivery.

Service users

The headline analysis identifies potential impacts around age, disability, caring status, and socio-economic deprivation. Specific impact around race, religion, gender, gender reassignment, sexuality, pregnancy and maternity, and marriage and civil partnership has not been identified at this early stage, but will of course be analysed as part of detailed EIAs for individual reviews.

Universal services

The council has a clear strategy to make savings from universal services and to move from universal to targeted services in order to offer a degree of protection for services for the borough's most vulnerable people. People from across the borough will therefore be affected by changes to universal services including waste, highways and engineering, and neighbourhood services. People may be affected in different ways, depending on the community or neighbourhood they live in; or their personal circumstances. This will need to be explored as the detail of these reviews develops. In addition, an increase of council tax in the borough would have a financial impact for those who pay council tax in the borough.

Children and young people and their parents/carers

Several significant reviews are proposed for services for children and young people. These include changes and reductions to play and youth services; children's centres; key workers in schools; and personal advisers; changes to transport provision for children with special educational needs; changes to services for children with disabilities; and increasing income from the music service.

In the broadest sense, changes to such services have the potential to impact upon children and young people – including those with disabilities or special educational needs; their parents/carers; and those young people who are also parents or carers. Limiting the impact on the most vulnerable children and young people will continue to be a priority, and care will be taken to ensure that the potential impacts of proposals are well understood and mitigated as far as possible e.g. through targeting.

It should be reiterated that, in seeking to achieve the £8.8m budget shortfall, the recommended option seeks to avoid the worst of the potential impacts on services for vulnerable children and young people. For example, it is not proposed that options to close children's centres; close the children's bungalow; reduce Personal Advisors and the Early Interventions Team to statutory provision; and make savings from disabled children's services are taken forward at this time.

Older people and those who care for older people

Ongoing transformation within adult social care means that the way in which services are provided will continue to change. The council continues to seek to deliver quality and affordable services, while also promoting independence, choice and control and meeting statutory duties. However, service users and their families and/or carers will see changes as a result of the budget savings.

Areas to be reviewed include in-house care services; day services; supported housing; transport; and commissioned services. In addition, charges for services including meals, transport and day care will increase. Recommendations to meet the budget shortfall also seek to make some additional savings from in-house social care provision. However, it should be noted that the level to be saved is lower than the full amount originally proposed; and that it is not proposed that the "very hard" option to make further reductions in adult social care totalling £500,000 is taken forward.

Throughout this process, it will be essential to ensure that any proposed changes to services are based on a full understanding of need and eligibility, to ensure that Bolton's older people and their families continue to receive appropriate, accessible and safe care services.

Socio-economic deprivation

The council and its partners have a long-standing commitment to achieving economic prosperity and narrowing the gap in Bolton, which sits at the heart of the council's aim to protect the most vulnerable in the borough. Many of these people live in Bolton's most deprived areas, and Bolton's strategy continues to be to target resources to support people in these areas – although resources are much more limited than in previous years.

However, as resources continue to reduce, there is potential for the savings options to have an effect for people who are experiencing socio-economic deprivation. Reviews of housing services; strategic development (which seeks to grow economic investment and therefore improve prosperity in Bolton); council tax support/empty property charges; and community safety and neighbourhoods may all have an impact on those who are worst off financially. This is likely to be made more difficult as the council seeks to meet the budget shortfall, as the recommended option includes further savings from services which work with the socio-economically disadvantaged or which have an impact on prosperity.

Within these reviews, significant consideration will therefore need to be given as to how to limit the potential impacts for those on the lowest incomes. In addition, it is proposed that one-off funding is made available over four years to support priority work which includes the economy and anti-poverty strategy.

Council tax payers

If the recommended council tax increase of 3.5% is approved, there would be a financial impact on those who pay council tax in Bolton, since they would be asked to pay an increased level of council tax in order to reduce the amount of savings needed from council services. For a Band A property, the increase would be £32.94 per year/63p per week. For a Band B property it would be £49.41 per year/95p per week. While this increase is not the highest of the options put forward to Cabinet, it is recognised that this will have an impact on households, particularly for those who are already under financial pressure.

Partners

As in previous years, the council must look at making savings from across the range of services which it provides, including commissioned and grant funded services. This means that partners who receive funding from the council may see a change or reduction in their funding, which may in turn have an effect on their service delivery. This may affect partners from the voluntary, community and faith sector; as well as private or charitable organisations which deliver services in partnership with or on behalf of the council. In addition, proposals to restrict the national charities rate relief to the level proposed in government guidelines would have a financial impact on some charities.

Clearly, it will be essential to make sure that the council continues its good working relationships with partners from across the private, voluntary, and charitable sectors to understand and, where possible, manage the impact of possible funding changes. In addition, it will be necessary for individual reviews to consider any potential impact on partner service delivery e.g. where shared building space or complementary services are being reviewed.

Staff

As set out earlier in this EIA, the options to achieve £34.6m as previously agreed are likely to lead to the reduction of approximately 465 posts within the council, although there may be further loss of posts in trading activities as a result of some of the options e.g. the accommodation review; or from a loss of business with other agencies and schools. This will be delivered through vacancy management and voluntary means as far as possible. At present, there are 215 vacancies. In addition, the further reduction in posts resulting from the delivery of the budget shortfall of £8.8m could be in the region of 50 posts. However, had all the service savings which were identified for Cabinet on 11 February been taken forward, up to 200 further posts could have been affected. In addition, staff will also be affected by associated restructuring and change. The impact on the workforce – and its diversity – will continue to be monitored throughout the delivery of the budget programme.

5. Are there any gaps in your evidence or conclusions which make it difficult to quantify the potential adverse impact? If so, please explain how you will explore the proposal in greater depth.

Yes, the savings options as set out in this report sit at a high level. It will be necessary to bring forward detailed proposals for each of the savings options, including detailed analysis of equality impact, and this will take place on a phased basis during the coming year. It will also be necessary to consult with Trades Unions and appropriate stakeholders on each of the individual reviews as they come forward. The

consultation processes will help to inform a full assessment of equality impact, and therefore the final proposals as they come forward. Members will be aware that several of these individual reviews are now underway or have been completed. Updated strategic EIAs will be brought forward at key points in the budget process.

Consultation has taken place on the council's strategic budget options (covering the savings of £34.6m which were approved in January 2013). A detailed analysis of the results of the public consultation on the strategic budget was provided to Members on 14 January 2013. The key messages can be summarised as follows:

- A significant majority of respondents accepted that savings needed to be made, and were aware that the council needed to change the way it delivered its services
- Most respondents agreed with most of the principles which the Council used to set its budget, although the level of support varied from a high of 91% (savings should be made from management and administration before frontline services) to a low of 40% (services should be reduced from excellent to good, or from good to satisfactory)
- Over half of the respondents felt that the right proportion of savings was being taken from each department. However only 38% felt that the right proportion was being taken from the Chief Executive's department, and 45% of respondents felt that more should be taken from this department
- Fifty-nine per cent of respondents agreed with the proposal for £14m capital investment, and a range of comments were received on this proposal
- Opinions on how to meet the budget shortfall were divided, with some respondents preferring smaller council tax increases and more service cuts; and others preferring larger council tax increases and smaller – or no – service cuts

These findings would suggest that, on the whole, the council's approach to its strategic budget – particularly the principles on which it is based – has some public support, but that responding to the differing attitudes and expectations of Bolton's diverse communities is not straightforward.

In conclusion, the council continues to make every effort to protect the most vulnerable as far as possible, and to respond appropriately to its duties under the Equality Act. However, this strategic EIA recognises the significant challenge which the financial position presents for Bolton, and the likelihood that many of the strategic budget options – whilst seeking to deliver the "least worst" outcome for Bolton – may well have an impact on a range of stakeholders as the council seeks to set a legal budget for the coming two years.

Please confirm the outcome of this EIA:

No major impact identified, therefore no major changes required – proceed	<input type="checkbox"/>
Adjustments to remove barriers / promote equality (mitigate impact) have been identified – proceed	<input type="checkbox"/>
Continue despite having identified potential for adverse impact/missed opportunities for promoting equality – this requires a strong justification	<input checked="" type="checkbox"/>
Stop and rethink - the EIA identifies actual or potential unlawful discrimination	<input type="checkbox"/>