

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council **DATE:** 18<sup>th</sup> February 2014

**CONTACT OFFICER:** Joseph Holmes; Assistant Director Finance & Audit, section 151 officer

**(For all enquiries)** (01753) 875358

**WARD(S):** All

### **PART I** **FOR DECISION**

#### **REVENUE BUDGET 2014-15**

##### **1 Purpose of Report**

To detail the overall Revenue Budget for 2014-15, and the decisions required for the Council to achieve a balanced budget for the year ahead.

The paper demonstrates the levels of Council Tax proposed, the Government grant assumptions and estimations required for the next financial year's budget.

To approve a Council Tax freeze for the year ahead, and the associated Council Tax notices and resolutions required as per various Local Government Finance Acts (as detailed in Appendix G and set out at paragraph 2 below).

To approve the Discretionary and Hardship Relief Policy for 2014/15 (as detailed in appendix J and set out at paragraph 2 below) so that no charity or non profit making body receives more than 80% of their Business Rates as relief and to note the policy will be amended for 2015/16 to reflect that no charity or non profit making bodies receives more than 80% charity relief.

To approve the proposed increase in Housing Revenue Account rents and service charges (as detailed in Appendix K and set out in paragraph 2 below).

##### **2 Recommendation(s)/Proposed Action**

The Council is requested to resolve, subject to any amendments recommended by the Cabinet (to follow), that the budget as attached be approved and:

###### **Council Tax Resolution – In relation to the Council Tax for 2014/15**

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2015 be as specified below and that the Council Tax be levied accordingly.
- (b) That it be noted that at its meeting on 16 December 2013 Cabinet calculated the following Tax Base amounts for the financial year 2014/15 in accordance with Regulations made under sections 31B(3) and 34(4) of the Act:

- (i) 37,376.2 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2014/15; and
- (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2014/15:
 

a) Parish of Britwell	1,411.7
b) Parish of Colnbrook with Poyle	1,755.2
c) Parish of Wexham	1,244.4
- (c) That the following amounts be now calculated for the year 2014/15 in accordance with sections 31A to 36 of the Act:
  - (i) £368,402,617 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2)(a) to (f) of the Act. (Gross Expenditure);
  - (ii) £ 324,358,321 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) (a) to (d) of the Act. (Gross Income);
  - (iii) £44,044,296 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);
  - (iv) £1,178.40 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.
  - (v) That for the year 2014/15 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £ 192,056 representing the total of Parish Precepts for that year.
  - (vi) £1,173.27 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) 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 special item relates.
  - (vii) Valuation Bands

Band	Slough Area £	Parish of Britwell £	Parish of Colnbrook With Poyle £	Parish of Wexham Court £
A	782.18	44.06	31.80	24.48
B	912.54	51.41	37.1	28.56
C	1,042.91	58.75	42.4	32.64
D	1,173.27	66.10	47.70	36.72
E	1,434.00	80.79	58.3	44.89
F	1,694.72	95.47	68.9	53.05
G	1,955.45	110.16	79.5	61.21
H	2,346.54	132.19	95.4	73.45

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) 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 amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (viii) That it be noted that for the year 2014/15 the Thames Valley Police Authority have provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown over leaf:

<b>BAND</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley</b>
	<b>£</b>
A	107.01
B	124.84
C	142.68
D	160.51
E	196.18
F	231.85
G	267.52
H	321.02

- (ix) That it be noted that for the year 2014/15 the Royal Berkshire Fire Authority has provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

ESTIMATE – Update provided when confirmed

<b>BAND</b>	<b>Royal Berkshire Fire Authority</b>
	<b>£</b>
A	40.44
B	47.18

C	53.92
D	60.66
E	74.14
F	87.62
G	101.1
H	121.32

- (x) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council including the precepting authorities will be as follows:

<b>Band</b>	<b>Slough</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley</b>	<b>Royal Berkshire Fire Authority</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A</b>	782.18	107.01	40.44	929.63
<b>B</b>	912.54	124.85	47.18	1,084.57
<b>C</b>	1,042.91	142.68	53.92	1,239.51
<b>D</b>	1,173.27	160.52	60.66	1,394.45
<b>E</b>	1,434.00	196.19	74.14	1,704.33
<b>F</b>	1,694.72	231.86	87.62	2,014.20
<b>G</b>	1,955.45	267.53	101.1	2,324.08
<b>H</b>	2,346.54	321.04	121.32	2,788.90

- (xi) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.
- (xii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.
- (xiii) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.
- (xiv) The above figures assume a council tax freeze for both the Royal Berkshire Fire Authority and Britwell Parish. If this is not the case this report requests the Section 151 or nominated officer be authorised to adjust the council tax charges in line with final figures.

#### **Discretionary and Hardship Relief Policy –**

- (d) That the Discretionary and Hardship Relief Policy for 2014/15 be approved (as detailed in appendix J) so that no charity or non profit making body

receives more than 80% of their Business Rates as relief and to note the policy will be amended for 2015/16 to reflect that no charity or non profit making bodies receives more than 80% charity relief.

### **HRA Rents and Service Charges –**

- (e) That the proposed increase in Housing Revenue Account rents and service charges for 2014/15 be as follows:
- (i) Council house dwelling rents for 2014/15 increase by an **average of £4.85 per week** (5.0% average increase) with effect from Monday 7<sup>th</sup> April 2014. This is in line with current government guidelines on rent increases, linked to September RPI+0.5%, and restructuring (the government is proposing to change its guidelines on rent increases from 2015/16 to an annual increase of CPI plus 1%, removing the restructuring policy);
  - (ii) Garage rents, heating, utility and ancillary charges **increase by 3.2%** with effect from Monday 7<sup>th</sup> April 2014. This is based upon the September RPI figure used in rent setting.
  - (iii) Service charges **increase by 3.7%** with effect from Monday 7<sup>th</sup> April 2014. This is based upon the RPI+0.5% uplift used for rent setting.
  - (iv) ‘Other committee’ property rents increase by an average of 5.0% from Monday 7<sup>th</sup> April 2014 in line with the average increase of all housing properties.

### **3. The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan**

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

#### **3a. Slough Joint Wellbeing Strategy Priorities –**

This paper assists in the achievement of the all of the Strategy’s priorities.

Priorities:

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

#### **3b. Corporate Plan 2013/14**

The Plan’s objectives are:

1. Improve customer experience
2. Deliver high quality services to meet local needs
3. Develop new ways of working
4. Deliver local and national change
5. Develop a skilled and capable workforce
6. Achieve value for money

The Plan includes targets for each of the objectives. This report helps achieve all of the above objectives by providing an overall financial strategy to support the delivery of the Corporate Plan.

#### 4 **Other Implications**

##### (a) Financial

Detailed within the report.

##### (b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	A modest number of posts will be affected by changes proposed. These will be managed through the council's restructure, redundancy and redeployment policy and procedure	None
Equalities Issues	To be assessed per each proposed saving	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	April 2014	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

##### (c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. The set of savings proposals for 2014 – 2015 does not recommend any savings that will affect the council's ability to carry out its statutory functions.

However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions.

(d) Equalities Impact Assessment

Equalities Impact Assessments will require completion prior to final agreement of savings proposals. Proposals which are 'disinvestment' or a genuine reduction in service will require careful examination to ensure no group is disproportionately affected.

Members may have to consider making provision to fund any mitigation arising from detailed analysis of Equalities Impact Assessments.

(e) Workforce

The proposed savings have a relatively low impact on staffing, with fewer than 20 staff affected. The Council has a number of measures to mitigate against compulsory redundancies including;

Developing staff skills to redeploy to alternative roles.

Obtaining staff savings from deletion of vacant posts.

Opportunities for Voluntary Redundancies.

## 5 Supporting Information

### 5.1 **Summary**

5.1.1 2014-15 is set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council has managed to, wherever possible, protect Council services whilst ensuring that there is sufficient budget for the next financial year to deliver its key outcomes. This has been achieved whilst delivering a freeze for Council tax for the third time in the past four years.

5.1.2 There remain many difficult years ahead for the Council due to the financial pressures that it faces, but the budget for the 2014-15 ensures that the Council's finances are based on solid footings for the future.

5.1.2 This paper sets out the revenue budget for 2014-15 and the associated plans and assumptions contained within it. The Medium Term Financial Strategy, which accompanies this paper for approval, details the longer term financial challenges that the Council faces into the future years, whilst the capital strategy sets out the wider financial implications of decisions made in investing in the borough's infrastructure. The Treasury Management Strategy details how the Council will undertake transactions concerning investments and borrowings and this is contingent on the capital strategy as well as having an impact on the revenue budget savings proposals for 2014-15.

### 5.1.3

2013-14	Funding	2014-15
42.29	Council Tax	43.85
26.23	Retained Business Rates	27.13
39.76	Revenue Support Grant	32.47
2.11	Education Services Grant	1.96
1.84	NHS monies to support Social Care	2.36
1.76	New Homes Bonus	2.01
0.26	Other non-ringfenced grants	1.03
	Collection Fund	1.30
<b>114.25</b>	<b>Total Budgeted income</b>	<b>112.11</b>
	Prior year baseline	114.25
	Base budget	3.54
	Directorate Pressures	8.20
	Revenue impact of Capital investment	
	Other adjustments	-1.34
	Savings identified	-12.53
	Savings to be identified	0.00
<b>0</b>	<b>Net Expenditure</b>	<b>112.11</b>

## 5.2 Income

5.2.1 The Council has three main sources of income, as highlighted in the chart below:

5.2.2 The amount of retained Business Rates is determined by the Council setting its estimation of Business Rates for the year ahead to central Government. The Government then allows the Council to retain 49% of this income, subject to a further tariff that the Council must pay Central Government. For 2014-15 the tariff has been set at **£18.1m**. The Government sets the tariff based on the historical average of business rates collected set against the level of spend the Government believes the Council should have. If Business Rates growth compared to the estimate, the Council retains 30% of this growth. If Business Rates drop, the Council is liable for 50% of the drop.

5.2.3 The Council also receives Revenue Support Grant (RSG). RSG is determined, and comes from, Central Government and consists of Government's expectation of what the Council should spend in line with the Government's deficit reduction plans. For 2014-15, the amount of RSG announced in the provisional Local Government Finance Settlement is **£32.5m**. The finalised settlement is unlikely to be announced until just before the Cabinet meeting in early February

5.2.4 The final main sources of Council income is Council Tax. This is based on the Council Taxbase (i.e. the number of properties in the borough) as per the report to Cabinet in December 2013 multiplied by the average band D Council Tax amount. For 2014-15 the Council Tax levels across the borough will be frozen for the Slough Borough Council element at £1,173.27 for a band D equivalent. This leads to an assumed Council Tax income of **£43.9m** for the Council in 2014-15.

5.2.5 The other sources of Government grant income are clarified as per the Local Government Finance Settlement. Any variation from these in the finalised settlement will be reported to the Cabinet and Council. The total amount of non-

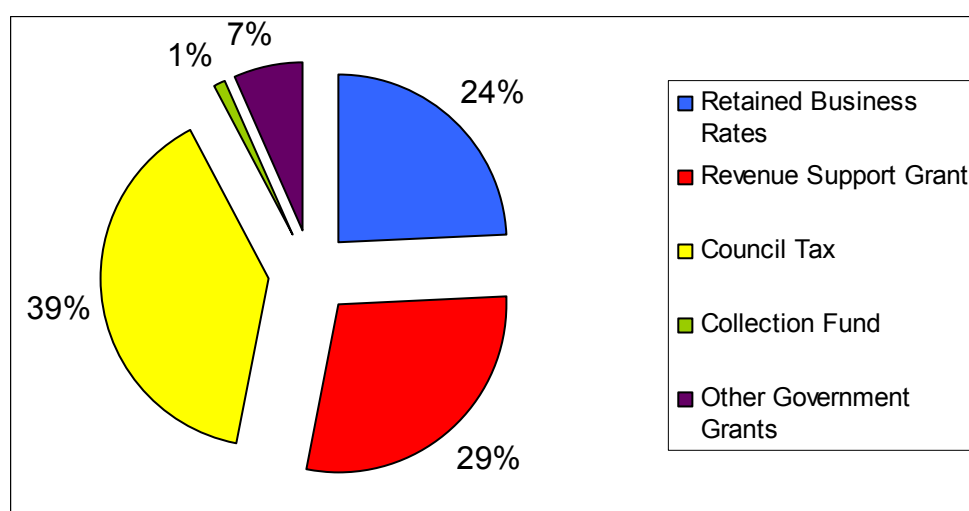


ring-fenced Government Grants anticipated for 2014-15 is **£7.4m**. The main items included are the New Homes Bonus (£2.1m), NHS Monies to support Social Care (£1.9m), and Education Services Grant (estimated at £1.6m).

5.2.6 The final source of income is the Collection Fund. This is a statutory account which details the actual income received in respect of Council Tax and retained business rates compared to the estimates made in January 2013 for the 2013-14 budget. At present this is anticipated to produce a surplus of **£1.3m**.

5.2.7 The total income available to the Council for the 2014-15 for its net budget is therefore **£112.1m**.

**Chart 1.1: Council income sources**



5.2.8 The Council also receives income from specific Government grants and these are included in appendix I. The Council budgets for an anticipated nil net cost on these specific grants; i.e. that all expenditure will be contained within the income received from Government and that the local Taxpayer does not fund these activities.

5.2.9 By far the largest specific grant the Council receives is the Dedicated Schools Grant (DSG). The majority of this is pass-ported through to Slough Schools via a formula mechanism developed through the Schools Forum. The expected level of DSG for Slough is **£136.6m**.

### 5.3 Expenditure

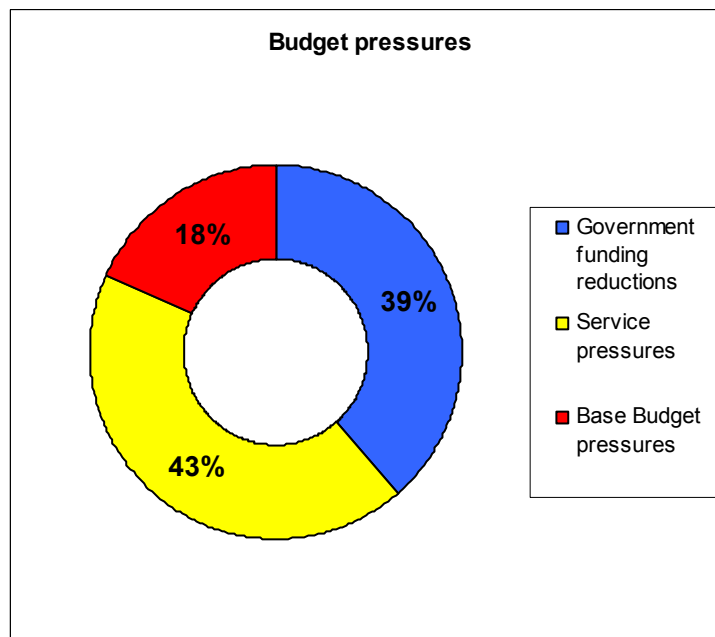
5.3.1 The Council's base budget for 2013-14 stood at £114.25m and it is against this figure that all adjustments are completed. The adjustments included:

- (1) Base budget **£3.5m** – these are movement due to inflationary pressures, pay award (assumed at 1% for 2014-15), incremental rises and other adjustments related to previous years and virements. Appendix B has further details.
- (2) Directorate Pressures **£8.2m** – these are the totals of increased pressures on the council for 2014-15. Appendix C provides details of these. The two main items of pressure relate to the Children's Social Care increased staffing and growth in the number of Looked After Children, and the adjustment for rebalanced the phase one transactional services budget.

- (3) Savings of **£12.5m**. The items above combined with the reduced overall income to the Council leave a savings target that needs to be closed. Appendix A details the proposals behind the savings

5.3.2 The savings target is driven by the increases to the base budget, i.e. the structural costs of operating an organisation the size of the Council with its current conditions, service pressures and the reduction to RSG. These overall cost rises are offset by any growth in Council Tax income and / or retained Business Rates as well as any movements from other non-ringfenced grants and the Collection Fund. The main pressures are highlighted below, and are detailed further in appendices B and C:

**Chart 1.2: Council wide pressures**



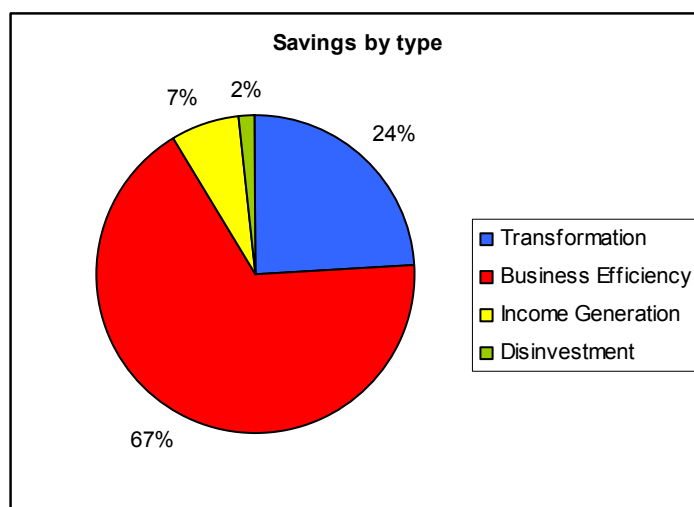
5.3.3 As can be seen from the above, the two main cost pressures come from reduction RSG from Government and from service pressures within the Council. The Council has little influence over the former as this is driven by the Government priorities. The latter costs are more controllable from the Council but are often due to demand led pressures. The one largest pressure being from Children's Social Care of £3.3m in total (with a further potential £2.4m of one-off monies required during the year; these would be funded, to begin with, from an earmarked reserve, see appendix D). There are also some budget corrections that are required, as previously highlighted in the summer, in respect of the phase 1 transactional services budget, plus some pressures from reviewing the business rate classification on which the Council pays, demand in Adult Social Care and through the introduction of auto-enrolment.

## 5.4 Strategy

5.4.1 The council has been regularly monitoring the levels of savings required for the year ahead, and reports have been presented to Cabinet in July and November detailing the levels of savings required and providing an early sight of the savings proposals themselves. In November, the Cabinet approved for £9m of savings to be included in the 2014-15 Revenue Budget, and these are contained within appendix A to this report.

5.4.2 The Council has approached the budget round for 2014-15 utilising four main areas of challenge to deliver a balanced budget. Firstly, to ensure that any pressures are included within the budget setting process, but that these are supported by a strong evidence base. The second approach has been to ensure that business efficiency has been paramount throughout the savings approach; though this element of savings proposals will dwindle over the scale of the Medium Term Financial strategy, it is vital that the council continues to ensure that efficiencies are driven out of the organisation at every opportunity. The third element is delivering transformation programmes and changing how the Council operates and delivers services to its populations. Finally, and though these have been mitigated wherever possible, is a reduction in the service availability either internally to the Council or to our residents.

**Chart 1.3: Council Savings by type - 2014-15**



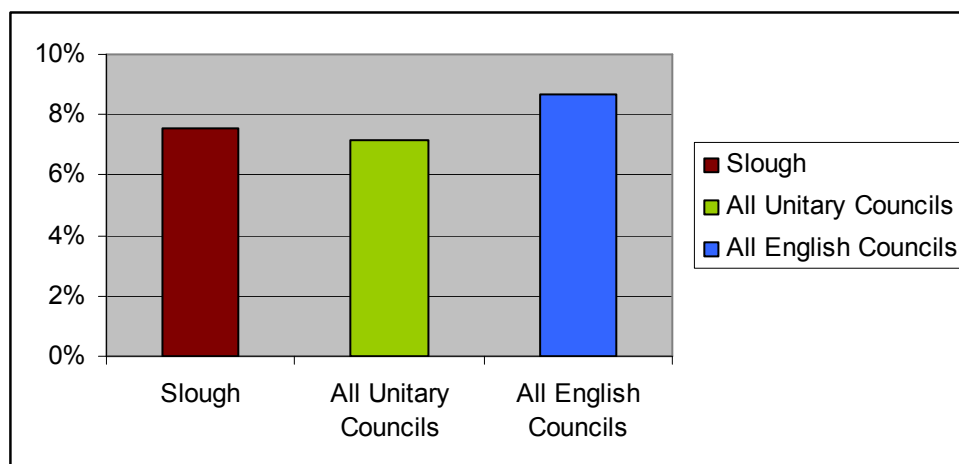
## 5.5 Reserves

5.5.1 The Council holds a variety of reserves, and these are detailed further in appendix D. It is vital for the Council to hold a minimum level of reserves to ensure that if there is an overspend in the financial year due to demand pressures or emergencies, that the Council can cover this without going out to residents immediately requesting additional Council Tax; the general reserve gives the Council more time to deal with impact of overspends on the services that are delivered.

5.5.2 As per this report, the minimum level of recommended General Fund reserve has been set at 5% of the Council's net revenue budget plus 10% of the net Children's services budget. This is because it is in children's services that the greatest level of risk is coming from at present. This would mean a minimum level of **£7.5m** at the proposed budget figures. The current level of general reserves as at 31.3.2013 is £8.1m.

5.5.3 Below is chart showing the current position (i.e. as at 31.3.2013) of General Reserves compared to the Government's definition of net budget. This shows Slough's general reserves slightly above the average for all unitaries and beneath that for the average English Council. This indicates that the level of general reserve is not an outlier for being either too excessive or being too being low and unable to protect the Council's position to deal with any in-year shocks.

**Chart 1.4: Slough Council's general reserves vs. other unitary Councils and all English Councils**



5.5.4 It is also important to note that as part of the Children's Social Care pressures, there are up to £2.4m of additional one-off costs from the staffing pressure that need to be provided for. This would be on the basis that as at the start of the financial year, the service recruiting into the newly established additional social worker and related posts with agency staff (which are more expensive than permanent members of staff), and the existing posts are also fully recruited to. The £2.4m would be funded from a combination of the 'contingency-demography' earmarked reserve along with any general fund reserve above the minimum level required.

## 5.6 Risk Management

5.6.1 Given the level of savings for 2014-15, it is vital to ensuring the long term stability of the Council that these are delivered to enable a balanced budget, but also that the savings package as a whole is considered across the Council and that the sum of the savings do not create difficulties for other parts of the Council when delivering services for its residents.

5.6.2 During the 2014-15 financial year, as has been the case in 2013-14, there will be monthly monitoring of the savings proposals to identify which are green, i.e. on track to be delivered, amber or red (not expected to be delivered in year). This will enable the Council to adjust its future budget position for any unmet savings as well as ensure that it can take appropriate in year steps to rectify any growing overspend that arise.

## 5.7 Impact on directorate budgets

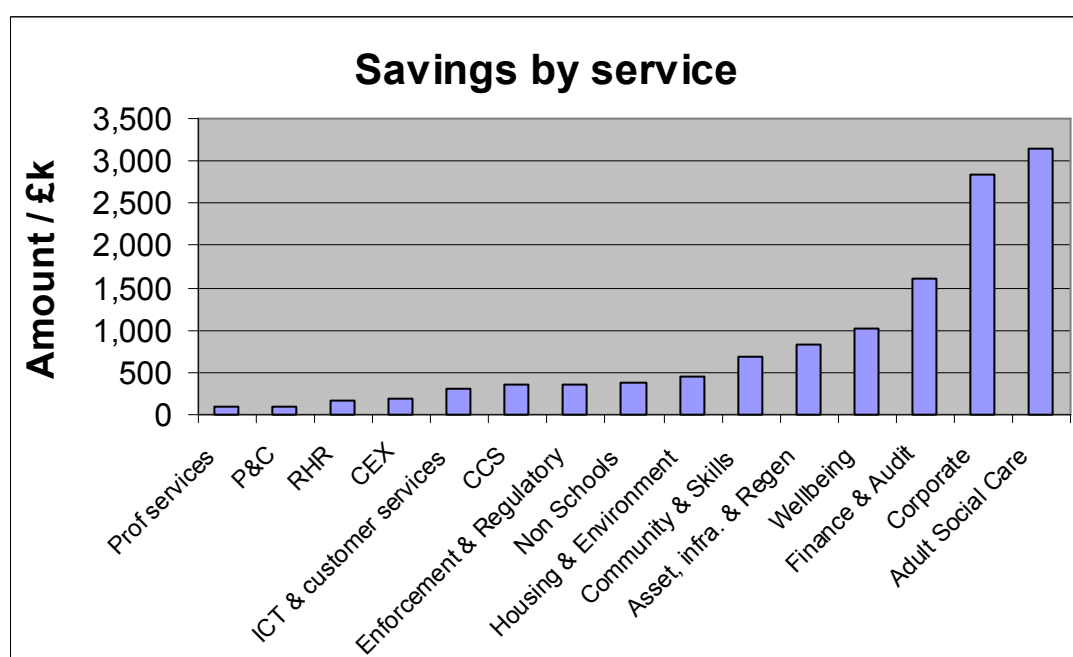
5.7.1 The table below highlights the changes to directorate budgets as a result of all of the changes detailed in the budget and associated papers.

**Table 2.1: Impact on directorate budgets** (n.b. not all savings have been allocated through)

	2013-14 / £m	2014-15 / £m	Variance / £m	% variance
Wellbeing	61.8	64.3	2.5	4.1
Customer and Community Services	19.1	21.3	2.2	11.5
Regeneration, Housing and Resources	23.6	23.2	(0.5)	(1.9)
Chief Executive	4.5	4.3	(0.2)	(3.7)
Corporate	5.6	(0.6)	(6.2)	(110.3)

n.b. This table includes internal restructures as well as a result of all of the increase in costs from pressures and base budget adjustments and reduced by savings items. This table highlights how budgets are changing in their entirety rather than where savings are being made.

**Chart 1.5: Total savings proposed by service area**



## 6 Comments of Other Committees

The budget was consulted on with local business at the Slough Business Community Partnership Business Breakfast 18<sup>th</sup> December 2013 and with the Thames Valley Chamber of Commerce's J6 Business Breakfast on 31<sup>st</sup> January 2014 and local businesses were invited to provide views on next year's budget as well as informed of the key changes to the level of business rates payable in the next financial year. This report was considered by the Overview & Scrutiny Committee at its meeting on the 6<sup>th</sup> February 2014. No specific recommendations were forwarded to the Cabinet. The Cabinet will consider the report at its meeting on 10<sup>th</sup> February 2014 and the recommendations of the Cabinet will be circulated to the Council in advance of the meeting.

## 7 Conclusion

- 7.1. This report underlines a 0% Council Tax rise for the local taxpayer for 2014-15, and the delivery of this is based on a variety of savings measures that are geared towards minimising the impact on service users. These savings

measures need to be considered in light of the risks that they represent and in line with any impact assessments that are required.

7.2. This report also contains a subsequent number of Council Tax resolutions for approval to enable the Council to bill residents in appropriate time.

## 8 **Appendices Attached**

- 'A' - Savings proposals
- 'B' - Base budget assumptions
- 'C' - Service pressures
- 'D' - Reserves position
- 'E' - Collection Fund
- 'F' - Fees & Charges
- 'G' - Council Tax Resolution
- 'H' - Section 151 officer statement
- 'I' - Specific Grants
- 'J' - Revised Discretionary and Hardship Relief policy
- 'K' - HRA Rents and Service Charges

## 9 **Background Papers**

- '1' - Local Government Finance Settlement 2014-15
- '2' - Council Taxbase report (December 2013 Cabinet)
- '3' - Medium Term Finance Strategy update paper to Cabinet – November 2013 and January 2014.