

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Management Team
to
Cabinet
On
11 February 2016

Report prepared by: Joe Chesterton
Head of Finance & Resources

General Fund Revenue Budget 2016/17

All Scrutiny Committees

Executive Councillor: Councillor Ron Woodley

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present a 2016/17 General Fund revenue budget including schools and a proposal for the level of Council Tax for 2016/17.

2. Recommendations

That the Cabinet recommend to Council that it;

In respect of 2015/16;

- (i) Note the forecast outturn of £126.093 million;**
- (ii) Approve the appropriation of the sums to earmarked reserves totalling £5.624 million, as set out in detail in Appendix 15;**
- (iii) Approve the appropriation of the sums from earmarked reserves totalling £6.853 million, as set out in detail in Appendix 15.**

In respect of 2016/17 and later years;

- (iv) Consider and acknowledge the Section 151 Officer's (Head of Finance and Resources) report on the robustness of the proposed budget, the adequacy of the Council's reserves and the Reserves Strategy as set out in Appendix 1;**
- (v) Approve a General Fund net revenue budget for 2016/17 of £123.206 million (Appendix 3) and any required commencement of consultation, statutory or otherwise;**

- (vi) Approve a Council Tax increase of 1.99% for the Southend-on-Sea element of the Council Tax for 2016/17;
- (vii) Approve an Adult Social Care precept of 2%;
- (viii) Note that the Council's preceptors Essex Police and Fire Authorities have yet to formally meet to agree their Council Tax levels for 2016/17 and the Leigh-on-Sea Town Council has confirmed its precept of £391,550 and a consequential increase of 5.67% in their Council Tax;
- (ix) Approve that no Special Expenses be charged other than Leigh-on-Sea Town Council precept for 2016/17;
- (x) Approve the appropriation of the sums to earmarked reserves totalling £5.785 million, as set out in Appendix 15;
- (xi) Approve the appropriation of the sums from earmarked reserves totalling £9.659 million, as set out in Appendix 15;
- (xii) Approve the schools' budget and its relevant distribution as recommended by the Schools' Forum and as set out in Appendix 2;
- (xiii) Approve the pressures required of £1.355 million (Appendices 11 and 12) and the General Fund and Public Health savings required of £10.467 million (Appendices 13 and 14) and the subsequent individual service cash limits for 2016/17, as contained in Appendices 3 to 10;
- (xiv) Endorse the direction of travel for 2017/18 and beyond (Section 11);
- (xv) Approve the revised Medium Term Financial Strategy up to 2019/20 (Appendix 16).

That Cabinet;

- (xvi) Delegates authority to the Head of Finance and Resources (S 151 Officer) in consultation with the Leader to make the required changes to the Council Budget following the final Local Government Finance settlement and other related Government announcements including Public Health.

3. Council Budget Process

- 3.1 The Council must set its revenue budget and Council Tax by 11 March of the preceding financial year. If, for whatever reason, the Council cannot agree a budget and Council Tax at Council on 25 February, Members should be aware that it is unlikely that the Council Tax bills could be sent out on time for the 1 April instalment (taking into account the necessary notice period and the time required to print the bills and accompanying leaflet).

- 3.2 It is also good practice to approve the capital programme and fees and charges at the same time as the revenue budget and reports elsewhere on this agenda deal with these matters. It should be noted that the revenue impact of both reports have been factored into the 2016/17 revenue budget proposed in this report.
- 3.3 The Housing Revenue Account (HRA) budget also needs to be agreed in a timely manner to ensure rent levels can be reflected from 1 April of each year. A separate report elsewhere on this agenda deals with Housing Rents, Charges and the HRA budget for 2016/17.
- 3.4 This report presents the proposed 2016/17 General Fund revenue budget of the Cabinet for recommendation to the Council at its meeting on 25 February 2016. It builds on the draft budget approved for consultation by the Cabinet at its meeting on 19 January 2016. It also now provides the latest position on the forecast outturn for 2015/16.
- 3.5 The Head of Finance and Resources' statutory statement on the robustness of the estimates and adequacy of reserves under s25 of the Local Government Act 2003 is included at Appendix 1. It should be considered by the Cabinet before recommending a budget to Council. It must also be considered by the Council before approving the budget and Council Tax.

4. Forecast Outturn 2015/16

- 4.1 The original budget for 2015/16 totalled £126.093 million and was to be met from available government grant and council tax and no use of revenue balances was anticipated.
- 4.2 Members have been supplied with projected outturn information throughout the year, based on forecasts and expectations of the Directors and their Budget Managers, and in light of corrective action that they have identified as being necessary. The latest forecast outturn for 2015/16 amounts to £126.093 million requiring no transfer to revenue balances, so as to reconcile back to available grant and council tax. This forecast outturn includes a net appropriation from earmarked reserves totalling £1.229 million, details of which are shown in Appendix 15.
- 4.3 The reasons behind the year end projected position have been reported to all Members through the monthly budget monitoring process. The actual figure for the end of 2015/16 will be considered as part of the out turn report for 2015/16, which will be presented to the Cabinet in June 2016.

5 Budget 2016/17

Government Funding – Grant and Finance Settlement

- 5.1 Government funding through revenue support grant and top-up payments in respect of retained business rates is the main provider of funding for the Council's total general fund budget (excluding schools). As such it represents a significant factor in determining the Council's revenue budget. The provisional Local Government Finance Settlement for 2016/17 was issued by the Department for Communities and Local Government (DCLG) on 17 December 2015 and this represented the Government's next four year spending plans. The final Local Government Settlement is now due to be announced in the week commencing 8th February 2016. Therefore, this report is based upon data in the provisional finance settlement.
- 5.2 The latest Finance Settlement maintains the key changes in the way that Local Government is now financed, which were introduced in April 2013. To recollect for Members the main changes arose from the launch of the Business Rates Retention (BRR) scheme as the principle form of local government funding. In previous years, the settlement announcement provided local authorities with their expected general revenue allocations for the following financial year. The settlement now provides authorities with a combination of provisional Revenue Support Grant (RSG) allocation and confirmation of Business Rates top up grant.
- 5.3 However, a key change to this year's settlement is the Government's recognition of the demand and demographic expenditure pressures on Adult Social Care and the ability for Local Authorities to now implement an Adult Social Care precept of up to 2% to support the growing expenditure on Council budgets in this area.
- 5.4 The provisional settlement sets out the Government's intention to roll the Care Act grant (£1.116m in 2015/16) into the RSG, along with some minor flood related grants.
- 5.5 The key points arising from the provisional settlement for Southend-on-Sea Borough Council are:-
- (i) The Settlement Funding Assessment (SFA) (a combination of actual RSG and estimated business rates income) for 2016/17 is £53.639m. This compares to an adjusted SFA of £61.803m in respect of 2015/16 (a reduction of £8.164m and equivalent to a 13% reduction);
 - (ii) The RSG element for 2016/17 within the provisional SFA is £21.338m. This compares to an adjusted RSG of £29.769m in respect of 2015/16 (a reduction of £8.431m and equivalent to a 28% reduction);
 - (iii) The settlement provides indicative figures for a four year period (2016/17 to 2019/20), however this requires a sign off from the Council and the detail surrounding the offer is still under consultation;

- (iv) Some capital and specific grants are still provisional and yet to be announced in full;
- (v) The settlement indicates that no Council Tax freeze grant is being offered by the Government this year;
- (vi) The 2016/17 referendum limit for Council Tax increases has been advised at a level of 2% and confirmation will be part of the final settlement (2015/16 was also set at 2%);
- (vii) For 2016/17, funding to support social care and benefit health is being continued through the Better Care Fund; a pooled budget between the Council and Southend Clinical Commissioning Group (CCG). The settlement has not indicated what the terms of the Better Care Fund are for 2016/17 but that these were to be announced in January/February. Once announced the Council will have a better understanding of the pooled budget from existing NHS and Council resources will be in comparison to 2015/16. The proposed budget assumes that the Council's share of the BCF will at least remain unchanged given the lack of an announcement from Government.
- (viii) The consultation on the provisional finance settlement ended on 15 January 2016 and this has informed the final settlement, which is due in the week commencing 8th February 2016;
- (ix) The small business non-domestic rates (NNDR) poundage (multiplier) has been set at 48.4p, having been uplifted 0.80% in accordance with the RPI inflation for September 2015. The associated non-domestic poundage has been set at 49.7p. Non-domestic rates are set nationally by the Government and collected locally by Councils (billing authorities). Under the new arrangements for the localisation of business rates a sum of 50% is returned to Government who then reappportion this sum back to Local Government as part of their main grant settlement. The remaining 50% is retained 49% by the Council and 1% is distributed to the Essex Fire Authority. The Council's actual income from business rates is therefore dependent upon the performance of the local economy, the success of any rating appeals and collection rates. The Police Authority receive their funding separately;
- (x) The Public Health service grant allocation for 2016/17 is not yet known and the Department of Health had recently indicated that this would be announced towards the end of January 2016. At the time of writing this report the Council is still awaiting the formal allocation from the Department of Health.

5.6 It is extremely disappointing that the Government has further delayed the announcement of the settlement, as it does not assist Local Authorities in finalising their budget plans for 2016/17. In addition, there are other Government announcements yet to be made most notably the Public Health Grant allocation, the terms for the Better Care Fund for 2016/17, relevant housing legislation and regulations for the format of the Council Tax bill with the introduction of the Adult Social Care precept now to be included.

- 5.7 Normally, the difference in Government grant allocation between the provisional and final settlement is minimal and is dealt with in the final budget report to Cabinet. However, it is not possible to do that given the uncertainty of when the announcement will be made.
- 5.8 Therefore delegated authority is recommended for the Head of Finance and Resources (S 151 Officer) in consultation with the Leader to finalise the Council budget in time for Budget Council on 25th February 2016 once the settlement and other matters are announced.
- 5.9 If there is less Government grant this will be dealt with by an adjustment to the contingency and if there is more allocated then this will be transferred to earmarked reserves. In respect of Public Health the budget to be aligned to the grant taking into account the £381,000 savings already proposed.
- 5.10 The actions taken under this delegation will form part of the final budget report to the Council.

Government Funding – Dedicated Schools Grant (DSG)

- 5.11 The DSG is now mainly based on pupil numbers in the October before the beginning of each financial year, plus an estimate for the Early Years Block, plus an allocated High Needs Block, allowing an estimate of total grant to be made in order for local authorities to calculate individual school budgets in February.
- 5.12 The total DSG for 2016/17 is £140.1 million (2015/16 = £137.3 million). In practice the final DSG will exclude funding for Academies and is estimated to reduce by at least £61 million to £79.1 million for maintained schools and high needs.
- 5.13 In addition to funding from the DSG, schools will receive Pupil Premium grant, which will provide £1,320/£935 of funding per primary/secondary pupil (2015/16 = £1,320/£935 per pupil) who have been registered for free school meals in any of the past 6 years. Based on estimates the Pupil Premium will provide an additional £8 million for schools in Southend-on-Sea (both Maintained and Academy schools). This is compared to £8 million of Pupil Premium in 2015/16.
- 5.14 The Schools' Forum met on 13 January 2016 to consider its final recommendations for a balanced budget and confirmed their position as presented in the draft General Fund Revenue report presented to Cabinet on 19 January 2016. The final agreed position for Schools is as set out in Appendix 2.

General Fund Revenue Budget

- 5.15 This Council budget has been prepared against the background of the Governments' spending plans through various Budget speeches, the Chancellor's Autumn Statement and the Local Government finance settlement. The various Government announcements continue to see the most substantial contraction of available public sector funding, but particularly in Local Government, for many decades.
- 5.16 In addition, it continues to be based upon the Government's significant funding reform for Local Government that has been the most radical in generations. As a result of both the significant contraction of available funding and the financial reforms there is a consequent need to continue to find a significant level of revenue savings over the next four financial years at least on par with the last four year period.
- 5.17 There has been cross party Member involvement in identifying areas where savings can be targeted and made and the outcomes of Member discussions and the All Member Budget Session undertaken on 18 November 2015 have helped to formulate the budget. Using this Member and portfolio holder input a detailed budget has been prepared by senior officers for the Cabinet to put forward that addresses the need for significant savings to be addressed and to set a balanced and robust budget. The various budget consultation has also assisted in informing the compilation of the Council's budget.
- 5.18 The draft General Fund Revenue budget for 2016/17 was considered by Cabinet on 19 January 2016. It was referred to Scrutiny Committees in late January 2016 for detailed Member consideration. The same draft budget was used to brief staff, consult with trade unions, the voluntary sector, the business sector and to brief the local press.
- 5.19 The 2016/17 General Fund revenue base budget requirement before savings and pressures is £130.646 million and available funding, including Council Tax, Business rates and Government grant (excluding the Adult Social Care precept) is £121.915 million. After applying the required pressures of £1.355 million to the base budget there is a budget gap to find in 2016/17 of £10.086 million through departmental savings. By agreeing the proposed savings of £10.086 million (excluding Public Health savings of £0.381 million, as these savings are ring fenced against the Public Health grant allocation) this will result in a 2016/17 revenue budget of £121.915 million (2015/16 £126.093 million). A high level budget summary of the position is set out at Appendix 3. Following the adjustments for the new Adult Social Care Precept of £1.291 million this will now result in a proposed 2016/17 revenue budget of £123.206 million (2015/16 £126.093 million).
- 5.20 The 2016/17 revenue budgets for each Portfolio are set out in Appendices 4 to 10 and show the original budget and probable outturn for 2015/16 and the 2016/17 base budget before and after savings and pressures.

- 5.21 The various savings and pressure proposals, which total £10.467 million (including Public Health) and £1.355 million respectively are set out fully in Departmental order in Appendices 11 to 14.
- 5.22 As part of the budget proposals, there are also some one-off growth items totalling £375,000 that are proposed to be funded for their temporary nature by the use of earmarked reserves. The four items of revenue growth are;
- Southend Pier - £150,000 for one year. This is to undertake a detailed feasibility study for options on replacing the ageing pier railway and determining an optimum outcome for the vacant platform area;
 - Economic Development - £50,000 pa for 2016/17 and 2017/18. This is to further enable one-off research and support for the promotion of the Town;
 - Pupil support for 11 plus coaching in School holidays - £25,000 for one year
 - Public Health - £100,000 for one year. This sum is to facilitate resident debate and engagement around public health, health and social care, independent living and forthcoming demographic and funding challenges.
- 5.23 Members will note that the budget proposals do not include the use of earmarked reserves to fund the balancing of the 2016/17 core budget but do allow for their use on the above items of one-off project spending. The use of £1.888 million of reserves in setting the 2015/16 budget to allow the smoothing of the budget gap were replenished as part of the closure of the 2014/15 accounts.

Appropriations for 2016/17

- 5.24 The presentation of the budget reflects proposed net appropriations from earmarked reserves totalling £3.874 million for which separate approval is sought, full details of which are shown in Appendix 15.

Changes made since Draft Revenue Budget presented to Cabinet 19 January 2016

- 5.25 The changes from the draft budget approved by the Cabinet on 19 January 2016 are:
- The allocation of service pressures and savings proposals to individual budgets;
 - The final allocation of inter-departmental recharges;
 - The allocation of the latest position on the Dedicated Schools Grant;
 - The overall budget has also continued to be amended for minor changes for accuracy;
 - The inclusion of a further one-off growth item in 2016/17 for Public Health.

5.26 All of these changes are cost neutral on the proposed budget.

Council Tax 2016/17 and Estimated Collection Fund Balance 2015/16

5.27 The Council Tax Base for 2016/17 was approved by Cabinet on 19 January 2016 at 55,701.27 (equivalent Band D properties).

5.28 The estimated balance on the Collection Fund at the end of 2015/16 shows a projected surplus of £1 million attributable to the Council and which has been used in calculating the Council Tax, as statutorily required.

5.29 The proposed budget assumes a Council Tax increase at 1.99% on the Southend-on-Sea element of the total Council Tax. There are no implications arising from this increase for a Council Tax freeze grant, as the Government has not offered one this year.

5.30 The Cabinet (and Scrutiny Committees) may wish to bear in mind that a 1% change in Southend-on-Sea Borough Council's element of the Council Tax is £111.60 per annum for a Band D property. This equates to an amount of circa £0.65 million in the revenue budget for each 1% change.

5.31 The proposed Council Tax increase of 1.99% will mean a Band D level of £1,182.64 per annum on the Southend-on-Sea element of the Council Tax (2015/16 the Band D level is £1,159.56). This equates to an annual increase of £23.08 and a weekly increase of 44p.

5.32 The total Council Tax payable by tax payers consists of Southend-on-Sea Borough Council and the precepts for Essex Fire Authority, Essex Police & Crime Commission, Adult Social Care and, where applicable, Leigh-on-Sea Town Council.

Precepts

5.33 Leigh-on-Sea Town Council has proposed its precept for 2016/17 at £391,550 (2015/16 = £361,694). Based on their council tax base of 8,645.94, the Town Council element of the total Council Tax bill will increase from £42.84 to £45.27 at Band D, equivalent to an increase of 5.67% from 2015/16. This only applies to the area covered by the Town Council. The final decision was made at an extraordinary meeting of the Town Council on 2 February 2016.

5.34 Essex Police Authority through the Police Commissioner has by law to set its precept no later than 1st March 2016 (after consideration by its Police & Crime Panel on 29 January 2016). The latest position is that the Police & Crime Panel is proposing a Band D Council Tax at £152.10 (£147.15 for 2015/16), which is a 3.36% increase. This has been formally announced as the final decision.

5.35 Essex Fire Authority is due to set its precept on 17 February 2016. The current position as reported at its Policy & Strategy Committee on 13th January 2016 is that the precept is proposed to increase by 1.90% so the Band D level increases to £67.68 (£66.42 for 2015/16).

- 5.36 The Council Tax report for Council on 25 February will report on the final Council Tax Band D level for both the Essex Police Authority and the Essex Fire Authority.
- 5.37 In addition, the proposed budget also assumes a new Adult Social Care precept at a level of 2%. The ability to apply this precept has been introduced by the Government as part of this year's Local Government financial settlement. It has been introduced to assist with the increasing demand and demographic expenditure pressures from Adult Social Care that Local Government has been experiencing and are continuing to face. The proposed increase of 2% would raise £1.291 million and equates to an annual increase of £23.18 and a weekly increase of 45p. It is proposed that the Adult Social Care precept be used to support the service in two ways;
- The savings proposals at Appendices 13 and 14 include two proposals totalling £3m (PE1 and PE2) that will require significant service redesign. As such it will take some time until the full savings are realised. It is proposed that £0.691 million of the new precept is used to enable the transition and delivery of the savings over a two year period.
 - To support the delivery of the service redesign, there is a need for some initial investment to enable old and new style services to be run side by side to enable a safe transition. These total £0.6 million and are as follows;
 - £150,000 - Overnight support for older people reducing the long term use of care;
 - £250,000 – Additional services to reduce admissions for residential care and high cost packages;
 - £200,000 – Mental Health Intensive Enablement

Levies

- 5.38 The Council is required to pay relevant levying bodies, who have all now indicated their levy position for 2016/17. The final levies will be reported on in the Council Tax report for Council on 25 February. The current position for 2016/17 is identified in the table below:-

Levying Body	2015/16	2016/17	Percentage
	Probable	Estimate	increase
	Actual		
	£'000	£'000	%
Kent and Essex Inshore Fisheries and Conservation Authority (Provisional)	21.5	21.5	0.0
Flood Defence – Environment Agency (Final)	169.3	178.0	5.1
Coroners Court (Provisional)	338.0	371.5	9.9
Total	528.8	571.0	

The Kent and Essex Inshore Fisheries and Conservation Authority levy is provisional and is proposed at the same level as 2015/16. The Flood defence levy is final and the reason for the increase is due mainly to a 5% increase from the Anglian Eastern Regional Flood and Coastal Committee. The Coroners

Court levy is provisional and the key reason for the significant increase in the Coroners court levy is due to an increase in their baseline costs to reflect increased cases.

6. Medium Term Financial Strategy (MTFS)

- 6.1 The Medium Term Financial Strategy that was approved in February 2015 was for a four year period up to the financial year 2018/19. It is now in the need of updating as a result of the recent Local Government Finance Settlement, changes to the projections in the current financial planning figures and a review of our service delivery plans and recently refreshed corporate priorities.
- 6.2 It is good practice to update the rolling MTFS as part of setting the Council budget and Council Tax to ensure our financial planning is fully aligned and integrated.
- 6.3 The updated MTFS for the period 2016/17 to 2019/20 is attached at Appendix 16.
- 6.4 The MTFS shows a projected further budget gap of £28.1 million for the following three financial years as follows:

2017/18	£12.4 million
2018/19	£8.4 million
2019/20	£7.3 million
£28.1 million	

7. Staffing implications of 2016/17 budget savings proposals

- 7.1 The saving proposals outlined in this report will delete 59.6 full time equivalent (fte) posts across the Council, of which 19.4 (33%) are currently vacant.
- 7.2 Formal redundancy consultation with the recognised Trades Unions has commenced and all staff have been fully briefed on the implications of these proposals.
- 7.3 The staffing reductions will be managed in accordance with the Council's policies on Managing Organisational Change and Redundancy.
- 7.4 The Council's Workforce Planning Panel will continue to control recruitment to vacant posts (permanent and temporary) and, wherever possible, staff identified as 'at risk' of redundancy will be redeployed through the Talent Pool. In addition, the Council will be working with other Essex authorities and partners in order to maximise redeployment opportunities across the county region.
- 7.5 Volunteers for redundancy will also be sought in order to minimise the number of compulsory redundancies.

- 7.6 A comprehensive package of support for all staff but particularly those directly affected by these proposals has been put into place. This includes coaching and counselling, as well as practical support with job applications and money management.

8. Corporate Priorities

- 8.1 The proposed revenue budget has regard to the Council's 2016/17 Corporate Priorities, which are attached at Appendix 17.

9. Budget Consultation

- 9.1 The media coverage of the public sector economic situation places a worthy expectation for local authorities to engage communities in the difficult decisions that will determine what services are delivered by the Council and how.

- 9.2 The Council continues to invite and receive feedback on its services from residents, businesses, voluntary sector and visitors, and has publicised the challenges of reduced funding and the impact this is likely to have next year and beyond. In addition the Leader of the Council has visited (and continues to visit) a number of community groups to outline these challenges and to discuss where the Council needs to prioritise its resources in the future.

- 9.3 The overall results and comments from the consultation have continued to help inform the preparation of the 2016/17 proposed revenue budget.

- 9.4 The draft budget approved at Cabinet on 19 January 2016 has been presented to all three Scrutiny Committees and at meetings of the Business Sector and Voluntary Sector. The feedback from each of these scrutiny bodies is as follows:-

Place Scrutiny - comments made regarding the Waste Contract saving and the equalisation approach through the Waste Management Reserve;

People Scrutiny – views expressed regarding the construction and use of the Adult Social Care precept;

Policy & Resources – views expressed on the saving for Outlook and also the contributions to/from earmarked reserves in the revenue draft budget;

Business Sector – comments regarding the move to 100% business rates retention and the continuation of Small Business rate Relief;

Voluntary Sector – comments on the pressure for Civic Centre cleaning and the position on the Better Care Fund.

10. Equality Impact Assessments – Making fair financial decisions

- 10.1 Each department has produced a departmental equality analysis taking into consideration any equality and cohesion impacts that restructuring their service may have on staff and service users. The results were then challenged by an internal team of officers and then by the Corporate Management Team.
- 10.2 As before the aim will be to protect delivery of key frontline services as well as highlight greater opportunities for collaborative working with partners to deliver services. Staff, Councillors, Trade Unions, Service users and residents were consulted and engaged in the process. These include but were not limited to, Chief Executive briefing sessions, Departmental Management and Team meetings, workshops and engagement via the budget consultation process.
- 10.3 Recommendations made in departmental supporting action plans identify how each department will aim to address and mitigate any indirect differential impact on staff and services over the coming year.
- 10.4 An overarching EIA is attached at Appendix 18.

11. 2017/18 and Beyond

- 11.1 In addressing the national economic situation and following the Emergency Budget in July 2015 the Government has emphasised the need to look further at a four year programme of public sector spending restraint and reconfiguration. This was reinforced in the Chancellor's annual autumn speech/Spending review in December 2015 with further restriction placed on the Government's public spending plans up to 2020. The tightening and reduction of Government funding contributions to local government funding and the new Government's changes from April 2013 for the funding of Local Government, means that the current financial challenges for 2017/18 and beyond will continue. This needs to be seen as part of an extended period of financial retrenchment similar at least to the previous four years that Local Government has already encountered and that councils will need to consider a much longer spending reduction programme than previously identified by Central Government.
- 11.2 This report predominantly addresses, as we are required to do, a detailed budget for 2016/17 but it is also appropriate to identify the areas the Council should continue to explore in order to meet the budget constraints of future years and also tailor the services it provides and review its role within national policy and local circumstances.
- 11.3 Like all local authorities in England, Southend-on-Sea Borough Council is facing unprecedented financial challenges. The Council has, over a number of years, addressed significant funding gaps whilst also achieving improved efficiency and service delivery. In the current, and forecast, period of national financial stringency the scale of financial contraction is such as to challenge the scale, nature and purpose of the role of the Council.

- 11.4 Traditionally, and particularly over recent years, the nature of Council activity has seen an increase in the level of directly delivered services for the local populace and for local businesses and visitors. Many services have been delivered on a universal basis and free or at limited cost. As funding continues to reduce greater pressure is being placed upon the services provided by the Council and also the way in which these are delivered.
- 11.5 Since the beginning of the national fiscal situation the Council has striven to sustain its full range of services but it is increasingly likely that this approach will be unviable.
- 11.6 It is proposed that the Council will increasingly focus the delivery of its services in a targeted way, concentrating on delivering services to those residents who need the Council's help. The Council will also adopt this as an approach in tailoring the delivery of its many statutory services. To underpin this approach the Council will also reposition its role as one to help the community, its residents and businesses, to take personal control of as many factors affecting their lives as is possible.
- 11.7 The Council will adopt an increasing approach of working, and delivering services, in partnership with other agencies, the voluntary and commercial sectors, and the community itself. As part of this approach the Council will encourage the sustenance of community services in collaboration with the local communities, encouraging community capacity to operate in appropriate circumstances.
- 11.8 The Council will also seek to address critical issues such as equality, disadvantage, lack of attainment and poverty by working with communities themselves, seeking enhanced training and opportunity and by fostering and promoting the local economy and thereby enhancing opportunities for aspiration, attainment, household income and personal achievement.
- 11.9 The Council will also seek to explore innovative income generation opportunities that will assist with increasing the Council's revenue sources to assist with bridging the significant budget gap the Council has to deliver. In addition, there is the intention to look greater at commercial opportunities for services of the Council.
- 11.10 Given the financial challenge we have and are to continue to face for a number of years, a continued programme of corporate working will continue with this efficiency drive and to help support the identification of savings for future years. This will allow us to have a programme driving transformational change in the organisation and will allow a clear focus on delivery of the required significant savings that will be required over this period.
- 11.11 Over the coming year it will be extremely important to consider future year potential savings proposals in anticipation of delivering tailored services for the community whilst addressing the known budget reductions required from our total budget and reflecting the estimated significant government grant reductions. It is currently anticipated arising from the Spending Review in late 2015, that further savings in the order of £28m will be required from the

Council's circa £123m annual net budget for the three years 2017/18 to 2019/20.

- 11.12 It is clear that the budget savings presented for 2016/17 cannot be continually repeated in successive years without the Council considering how it delivers services across the borough to avoid duplication of overheads, achieve economic delivery and still provide facilities and services valued by the community.

12. Corporate Implications

12.1 Contribution to Council's Vision & Critical Priorities

The budget strategy is an integral part of the Council's Corporate Service and Resources Planning Framework.

12.2 Financial Implications

As set out in the body of the report.

12.3 Legal Implications

None at this stage.

12.4 People Implications

The proposed budget will have an impact on staffing levels and the implications are set out in section 7 of this report.

12.5 Property Implications

None

12.6 Consultation

Consultation has taken place with the Chief Executive, Corporate Directors and their Heads of Service as part of the budget preparation process who are fully committed to working within the budget proposed. Members are being consulted through Cabinet, Scrutiny and Council but have also been involved through a Member workshop.

The Leader of the Council has undertaken a range of meetings with community and voluntary sector groups to outline the budget challenges the Council faces and listen to their ideas and areas of priority. Consultation with staff and unions will continue throughout the process. Briefings for local businesses and the voluntary sector have been undertaken to give them an opportunity to find out more about what is in the planned draft budget from the Leader and Chief Executive of the Council.

Staff have been kept abreast of progress and opportunities for contributions through personal briefings by the Chief Executive, a dedicated 'speak up' email suggestion inbox and through written briefings.

12.7 Equalities Impact Assessment

Assessments have been carried out for proposed savings in the 2016/17 revenue budget and an overarching EIA is attached as Appendix 18 to this report.

12.8 Risk Assessment

The budget proposals have been subject to a Director's review of risk and robustness. These have informed the Head of Finance & Resources' Section 25 statement of the 2003 Local Government Act on the robustness of estimates and adequacy of reserves as part of this report and the report to Budget Council on 25 February 2016.

12.9 Value for Money

The proposals set out in the report reflect the Council's drive to improve value for money and to deliver significant efficiencies in the way it operates.

12.10 Community Safety Implications

Assessments have been carried out for all revenue proposals.

12.11 Environmental Impact

Assessments have been carried out for all revenue proposals.

13. Background Papers

The Local Government Finance Settlement 2016/17, DCLG

Budget working papers held by the Finance & Resources' Accountancy section.

Equality Impact Assessments

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