

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	GENERAL FUND REVENUE BUDGET 2016/17 TO 2019/20		
DATE OF DECISION:	9 FEBRUARY 2016 10 FEBRUARY 2016		
REPORT OF:	CABINET MEMBER FOR FINANCE		
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STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

The purpose of this report is to set out the latest estimated overall financial position on the General Fund Revenue Budget for 2016/17 and to outline the main issues that need to be addressed in considering the Cabinet's recommendations to Council on 10 February 2016.

RECOMMENDATIONS:

CABINET

It is recommended that Cabinet:

- i) Note the position on the estimated outturn and revised budget for 2015/16 as set out in paragraphs 3 to 17 and Appendix 4.
- ii) Note the position on the forecast roll forward budget for 2016/17 as set out in paragraphs 18 to 49 and Appendix 8.
- iii) Note and approve the arrangements made by the Leader, in accordance with the Local Government Act 2000, for the Cabinet Member for Finance to have responsibility for financial management and budgetary policies and strategies, and that the Cabinet Member for Finance will, in accordance with the Budget & Policy Framework Rules as set out in the Council's Constitution, be authorised to finalise the Executive's proposals in respect of the Budget for 2016/17, in consultation with the Leader, for submission to Full Council on 10 February 2016.
- iv) Note the consultation on the Executives draft proposals will commence on the 11 February and note the consultation proposals and methodology as set out in paragraphs 91 to 97 and Appendix 2 of this

report.

- v) Note the Executive's savings proposals put forward for consultation in Appendix 6 which amount to £8.6M
- vi) Approves and recommends to Council where appropriate, the General Fund Revenue Budget changes as set out in Council recommendations i-xv

COUNCIL

It is recommended that Council:

- i) Notes the budget consultation process that was followed as outlined in Appendix 1.
- ii) Notes the budget consultation process for the new budget proposals that will be followed as per Appendix 2.
- iii) Notes that the consultation feedback has been taken into consideration by the Cabinet and has informed their final budget proposals.
- iv) Notes the Equality and Safety Impact Assessment process that was followed as set out in paragraphs 95 to 97 and the details contained in Appendix 3 which reflect the feedback received through the consultation process.
- v) Approves the revised estimate for 2015/16 as set out in Appendix 4.
- vi) Notes the position on the forecast roll forward budget for 2016/17 as set out in paragraphs 18 to 49.
- vii) Approves the revenue pressure as set out in Appendix 5
- viii) Approves the use of balances and reserves to ensure a balanced budget in the event any of the budget proposals contained within Appendix 6 are not progressed following consultation. This will be until such a time alternative proposals are identified as per paragraph 61 to 62.
- ix) Approves the savings proposals as set out in Appendices 6 and 7.
- x) Approves the General Fund Revenue Budget 2016/17 as set out in Appendix 8, which assumes a council tax increase 2% representing the increase for the Adult Social Care Precept.
- xi) Delegates authority to the Section 151(S151) Officer to action all budget changes arising from the approved pressures, savings and incorporating any other approved amendments into the General Fund estimates.
- xii) Notes that after taking these items into account, there is an estimated General Fund balance of £8.9M at the end of 2016/17 as detailed in paragraphs 79 to 86.
- xiii) Delegates authority to the Section 151 Officer, in consultation with the Monitoring Officer, to do anything necessary to give effect to the recommendations in this report.
- xiv) Sets the Council Tax Requirement for 2016/17 at £81M as per

Appendix 9.

- xv) Notes the estimates of precepts on the Council Tax collection fund for 2016/17 as set out in Appendix 10.
- xvi) Delegates authority to the Section 151 Officer to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.

REASONS FOR REPORT RECOMMENDATIONS

1. The Constitution requires the Executive to recommend its budget proposals for the forthcoming year to Full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be forwarded to Council.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Alternative options for revenue spending form an integral part of the development of the overall Budget Strategy that will be considered at the budget setting meeting on 10 February 2016. Alternative options may be drawn up by opposition groups and presented at the same meeting.

DETAIL

REVISED BUDGET & FORECAST OUTTURN 2015/16

3. This report is concerned mainly with the revenue estimates for 2016/17. However, there are elements of the 2015/16 estimated outturn, as detailed in Appendix 4, that will have an impact on the overall financial position. The latest position, as at Quarter 3, is that there is a forecast year end overspend of £0.12M (further information regarding this forecast position is set out in the Corporate Monitoring Report which is to be considered by Cabinet at its meeting on the 9 February 2016).
4. The revenue budget for 2015/16 assumed a general draw of £7.1M would be made from balances to support the delivery of a balanced revenue budget. If the authority does end the year with a net overspend of £0.12M, the net draw made from balances to revenue will increase to £7.22M. The table below summarises the main changes:

	£M
Net Increase in Portfolio Costs	7.78
Net Decrease in Capital Asset Management	(2.10)
Other income and expenditure decrease	(5.33)
Non Specific Government Grants increase	(0.23)
Increase in Net Draw from Balances (General)	<u>0.12</u>

5. Further information regarding the forecast outturn is set out below.

Portfolio Outturn

6. The forecast variance on Portfolio spend of £7.78M as at Quarter 3 is set out in the following table:

Portfolio	Budget £M	Forecast £M	Forecast Outturn Variance	
			£M	%
Communities, Culture & Leisure	6.12	6.41	0.29 A	5 A
Education and Children's Social Care	38.96	46.77	7.81 A	20 A
Environment & Transport	22.14	21.56	0.58 F	3 F
Finance	35.63	34.20	1.43 F	4 F
Health & Adult Social Care	58.05	61.52	3.47 A	6 A
Housing & Sustainability	2.69	2.78	0.09 A	3 A
Leader's	11.58	9.71	1.87 F	16 F
Transformation	0.64	0.64	-	-
Portfolio Total	175.81	183.59	7.78 A	4 A

Capital Asset Management

7. The favourable variance of £2.1M is due to forecast interest payable being below that originally estimated, due to lower than anticipated borrowing costs, and forecast interest receivable being above that originally anticipated.
8. The cost of financing the authority's long term and short term debt in 2015/16 is currently forecast to be £2.3M less than budgeted for within the General Fund. This is mainly a result of variable interest rates being lower than estimated, no new long term borrowing being undertaken since 2013/14 and to deferring any new borrowing to later in this financial year than initially planned.
9. Investment income for the year is currently forecast to be around £0.5M higher than originally estimated.
10. This is offset by an increase in Minimum Revenue Provision (MRP) of £0.7M as a result of a change in policy for funding MRP to generate additional revenue savings.

Other Expenditure & income

11. The forecast position shows a favourable variance of £5.33M against other income and expenditure. This reflects a revised figure of £4.76M for assumed use of the risk fund and £0.56M additional income from contractual refunds.

Non Specific Government Grants

12. Additional non-specific Government grant income not included in the budget is anticipated resulting in a forecast favourable variance of £0.23M as follows:
13. The amount of Education Services Grant that the Council receives is primarily based on the number of pupils in maintained schools in the city. This number is continually updated as schools convert to academies. Based on known academy conversions this financial year, the amount forecast to be received in 2015/16 is expected to be £0.39M more than budget.
14. Local Reform & Community Voices Grant is expected to be £0.05M more than budget
15. Housing Benefit Admin Subsidy Grant is expected to be £0.13M lower than budget
16. Council Tax Support New Burdens funding received in May was £0.08M lower than budgeted.
17. With the continuing management actions that are in place it is expected the final position for the General fund Revenue account will be a balanced position.

FORECAST ROLL FORWARD BUDGET 2016/17

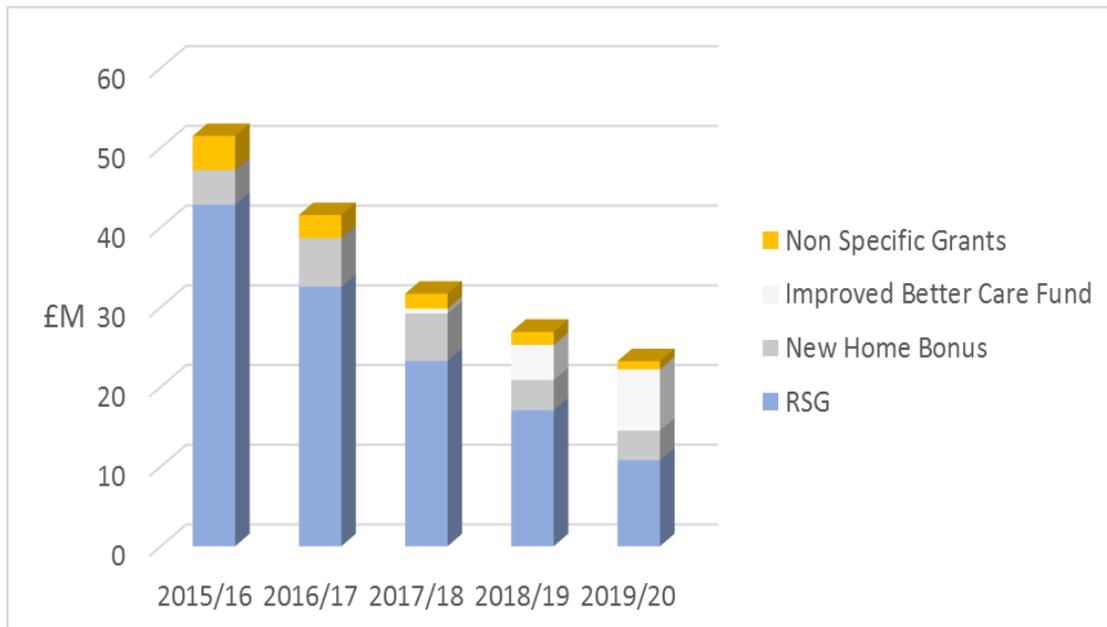
18. The report to Cabinet on 10 February 2015 identified a roll forward gap for 2015/16 of £39.1M. In November 2015 Council approved savings of £9.4M bringing the gap to £29.7M. Also in November, Cabinet approved an updated position following a number of changes revising the savings requirement to £25M. This report also asked Cabinet to approve a further £13M of savings to go to consultation. Bringing the remaining savings requirement to £12M

Comprehensive Spending Review & Provisional Local Government Finance Settlement

19. The Autumn Statement and Comprehensive Spending Review set the scene for the Provisional Local Government Finance Settlement which was issued on the 17th December 2015.
20. The main headlines of the CSR for local government funding showed there would be a reduction in funding. However, this reduction is less than previously expected and forecast in the Medium Term Financial Strategy (MTFS). There was also a recognition of the pressures faced by authorities in dealing with adult social care demand with an increase to the Better Care Fund and the ability to increase council tax by a further 2% Adult Social Care Precept.
21. A commitment to continue the New Homes Bonus funding was also given although with a revised formula taking funding from a 6 year period to a 4 years.
22. The CSR also reiterated the move to a new funding regime for local authorities with the removal of the Revenue Support Grant, to be replaced by 100% Business Rates retention subject to the Top Up and Tariff system to address need continuing. In order to make this fiscally neutral to Central Government it is likely this will also involve additional responsibilities being devolved and potential for the removal of other funding streams such as the Public Health grant. Further detail on the CSR can be found in the Medium Term Financial

Strategy report Appendix 3, which is elsewhere on the agenda.

23. The Provisional Local Government Finance Settlement (PLGFS) took these headlines and gave specific allocations for each authority. For Southampton the impact of the settlement in terms of grant funding can be seen in the graph below. This shows Southampton's grant funding reducing by 55% from 2015/16 to 2019/20.



For Southampton the main changes related to:

- **Revenue Support Grant** - this has reduced by £10M (£43M in 2015/16, to £33M in 2016/17). This is marginally better than the previously predicted allocations within the MTFS Model by £1.8M however, £1.4M of this relates to grants for the Care Act and other small grants being rolled into this funding stream.
- **New Homes Bonus** – the indicative allocation shows an increase of £1.7M from 2015/16 (£4.3M in 2015/16 to £5.9M in 2016/17). It also confirmed there will be allocations in future years whereas the MTFS model assumed 2016/17 would be the final year of funding. This change has been reflected within the Medium Term Financial Model.
- **Housing Benefit Administration Grant** – there was an indicative allocation of £1.2M for this grant in 2016/17. This is a reduction of £0.3M from 2015/16. However this grant had not been assumed at all in the MTFS Model due to the implementation of Universal Credit.
- **Business Rates** – the MTFS Model has previously assumed a business rate increase of 2% however the settlement reduced this in line with Retail Price Index to 0.8% bringing the expected increase to £0.2M rather than the previously predicted £1.2M.

- **Better Care Fund** – the Settlement gave indicative allocations for the Improved Better Care fund announced in the Autumn Statement. There is no allocation for Southampton in 2016/17 but by 2019/20 the indicative allocation is £7.7M

24. The table summarises the impact of the PLGFS on the estimated non specific government influenced income streams in comparison to 2015/16.

	2015/16 Funding	PLGFS	Change from 2015/16
	£M	£M	£M
Revenue Support Grant	(42.8)	(32.5)	10.3 A
New Homes Bonus	(4.3)	(6.0)	(1.7) F
Housing Benefit Admin Grant	(1.5)	(1.2)	0.3 A
Business Rates inc Top Up Grant and S31 grants	(50.0)	(50.0)	0
Total	(98.6)	(89.7)	8.9 A

25. The table below summarises the 2016/17 non-specific government influenced funding position in comparison to 2016/17 estimated income.

	2016/17 Estimate	PLGFS	Change To 2016/17 Position
	£M	£M	£M
Revenue Support Grant	(30.7)	(32.5)	(1.8) F
New Homes Bonus	(4.4)	(6.0)	(1.6) F
Housing Benefit Admin Grant	-	(1.2)	(1.2) F
Business Rates inc Top Up Grant and S31 grants	(51.0)	(50.0)	1.0 A
Total	(86.1)	(89.7)	(3.6) F

26. The final Local Government Finance Settlement has not been received prior to the publication of this report, but any changes resulting from the final settlement will be taken into account if necessary in a revised budget proposal for the Council meeting on 10 February 2016.

Council Tax Base

27. The council tax base for 2016/17 has been set at 60,464 properties using delegated powers granted by Council on 17 January 2007. This is an improvement on the position assumed in November and reflects growth in the tax base and the required adjustments in respect of the Local Council Tax Reduction Scheme for 2016/17. The increased tax base leads to forecast additional income of £2.1M in 2016/17. This represents an additional increase of 1M compared with the increase reported in the November Budget report to Cabinet.

Collection Fund Surplus / Deficit

28. Income received into the Collection Fund comes from two sources, Non Domestic Rates (NDR) and Council Tax. Until 2013/14 income received from National Non Domestic Rate payers was paid in full to the Central Government NNDR Pool after a contribution had been made to the City Council's General Fund to meet the costs of collection. The net effect of NNDR on the Collection Fund was therefore neutral. However, from 2013/14, due to the localisation of Business Rates (previously known as NNDR) under the Business Rate Retention (BRR) Scheme, BRR variances now have an impact on the Collection Fund Outturn.
29. The remainder of the income received by the Collection Fund is the income due from Council Tax payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and Council Tax Reduction that reduce the amount that they are required to pay. Until 2013/14 the cost of Council Tax Benefit was met in full by Government subsidy. However, from 2013/14 onwards this is no longer the position due to ending of Council Tax Benefit and the introduction of a Local Council Tax Reduction scheme.

Council Tax Surplus 2015/16

30. Each billing authority is required to estimate the level of surplus or deficit on the Council Tax element of the Collection Fund at the end of each financial year in order that these amounts can be included in the calculation of the Council Tax for the coming financial year.
31. These estimates must be made by the 15 January each year (or the earliest working day before this date if it falls on a weekend) and then be notified to all precepting Authorities.
32. A revised estimate of the Collection Fund surpluses and deficits as at the end of December 2015 has been calculated. This shows an estimated increase in the income due from council tax payers of £1.49M compared to the original forecast at tax setting time (a variance of 1.6% from the original estimate).
33. In addition there has been a decrease in the level of the surplus brought forward on the Council Tax Collection Fund on 1 April 2015 of £0.47M.

34. The amounts identified above combine to make a surplus of just under £1.02M on the Council Tax Account. This surplus will be shared between the precepting authorities as follows:

	£M
Southampton City Council	0.87
Police and Crime Commissioner for Hampshire	0.11
Fire & Rescue Authority	0.04
Total	1.02

This surplus of £1.02M of which the Council's share is £0.87M has been taken into account in setting the 2016/17 Council Tax.

Business Rates Surplus 2015/16

35. From 1 April 2013 the arrangements in respect of NNDR changed from a position where the Authority purely collected business rates on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies, (Hampshire Fire and Rescue Authority (HFRA) in Southampton's case). This change affects the retention of the income collected and also carries a risk to the Council for failure to collect rates in comparison with a predetermined "Start-Up" funding assessment. Risks of non-collection include rates billed from 1 April, those not yet collected from prior years and appeals that were not resolved before that date.
36. A revised estimate of the Business Rates Collection Fund surpluses and deficits has been calculated as at the end of December 2015. This shows an estimated increase in the income due from business rate payers of £5.19M in 2015/16 compared to the original forecast at tax setting time.
37. There is also an increase in the level of the surplus brought forward on the Business Rates Collection Fund on 1 April 2015 of £0.95M.
38. The amounts identified above combine to make a surplus of £6.14M on the Business Rates element of the Collection Fund. This surplus will be shared between Central Government, Southampton City Council and Hampshire Fire and Rescue Authority as follows:

	£M
Central Government	3.07
Southampton City Council	3.01
Hampshire Fire & Rescue Authority	0.06
Total	6.14

This surplus of £6.14M of which the Council's share is £3.01M has been taken into account in setting the 2016/17 Council Tax.

Business Rates

39. The Business Rate Retention (BRR) Scheme was introduced in April 2013 and represented a major change in the way in which local government is funded. It is seen by the government as providing a direct link between business rates growth and the amount of money local authorities have available to spend on local services. However, the reality is more complex and the new system introduces a high level of risk into the financial position for local authorities without the level of control the government suggests is possible.
40. Councils are able to retain a proportion of their growth in business rates but also take the risk for reductions in business rates, although there are 'safety net' arrangements in place to protect against very large reductions.
41. The estimate for 2016/17 has taken into account the estimated rateable value of businesses within the City, adjusted for reliefs, transitional relief, appeals and any reductions in rateable value.
42. Estimating business rate income is complex, as there are many factors which can significantly affect the overall figure, including entitlement to reliefs and properties coming on to, or being taken off the rating list. The biggest uncertainty concerns revaluations arising from appeals against the Valuation Office (VO) determinations. These are very common and can lead to large refunds being backdated several years. However, appeals lodged from 1 April 2015 can now only be backdated to the 1 April 2015, which, once all the appeals lodged prior to 1 April 2015 are settled, should reduce this level of uncertainty.
43. The amount to be retained, and the amounts to be paid to central government and major precepting authorities are fixed at the start of the financial year on the basis of the billing authority's estimate of its business rate income for the year. Any variation is recognised as part of the end of year accounting process for the Collection Fund and any surplus can be utilised in the budget whilst any deficit must be made good.
44. The NNDR1 form for 2016/17 has now been completed. Given the continued uncertainty of the impact of in year adjustments such as appeals the form allows for estimated growth / decline of various elements. After allowing for these various elements and the impact of the Autumn Statement changes (funded by Section 31 Grant) the Councils Net Rates Payable for 2016/17 is £106.02M.
45. After allowing for estimated losses in collection of £1.1M and estimated repayments in respect of the 2016/17 Rates of £7.7M this gives a Collectable Rates figure of £97.21M.
46. After allowing for costs of collection of £0.32M the adjusted Non Domestic Rating Income forecast is £96.9M.

47. The following table shows how the total income is shared:

	£M
Estimated Net Domestic Rating Income	96.90
Amount to be paid to Central Government (50%)	48.45
Amount to be retained by the Council (49%)	47.48
Amount to be passed to HFRA (1%)	0.97

48. In addition to income received from the collection of Business Rates the Council will receive grants under Section 31, and these are detailed in the table below:

Grant Description	Estimated Grant £M
Multiplier Cap – based on cost of 2% cap on small business multiplier in 2016/17	0.69
Small Business Rate Relief	0.88
Long Term Empty Property Relief	0.02
In Lieu of Transitional Relief	0.01
Total	1.60

49. The overall level of expected income for business rates for 2016/17 (including the 2015/16 surplus of £3.01M, section 31 grants of £1.6M and top up grant of £1.6M) is expected to be £53.73M to support the revenue position.

PRESSURES

50. Part of the Budget process each year also looks at unavoidable pressures on services that will have a financial impact, many of which are outside of the control of the service itself and cannot be addressed by savings/efficiencies. Examples of these would be contractual changes, which have a direct impact on costs (e.g. increase in service specification), legislative changes such as new functions and standards, or areas where the current budget is not adequate for the level of demand within the service. The pressures arising since the November report amount to £4M and are detailed in Appendix 5. The main areas are:

- Adults Social Care £1.2M – relating to the increase in demand and package costs
- Adult Social Care - £0.4M – relating to expected loss of government funding for Independent Living Fund (assuming 50% loss of grant) and Deprivation of Liberties grant (assuming 100% loss of funding). Whilst the expectation is the funding will be lost the council are still required to continue with these services
- Children’s Social Care £1.8M – relating to the cost of agency staff coupled with a higher than anticipated number of safeguarding cases and difficulties recruiting in this area.

- Other pressures – including waste disposal volumes, social workers market supplements to improve recruitment and retention.

OVERALL CHANGE IN ROLL FORWARD POSITION

51. The table below summarises the impact of the above on the 2016/17 position. This position represents the 'base' position from which all political groups may develop their own budgets taking into account the proposals for new spending and savings options put forward by Officers.

	2016/17
	£M
Original Savings Requirement as per February Report	39.1
<u>Previously Reported Changes</u>	
Reduced Pay Award Provision	(0.8)
Reduced inflation Provision	(0.4)
Adult Social Care Pressures	4.0
Children's Social Care Pressures	5.0
Funding to Support Roads Capital Programme	0.4
Release of Pressures & Risk Provisions	(2.8)
New Homes Bonus	(4.5)
Increase in Business Rates and Council Tax	(1.8)
Collection Fund Surplus 2015/16	(3.8)
<u>Provisional Local Government Finance Settlement</u>	
Revenue Support Grant	(1.8)
New Homes Bonus	(1.6)
Business Rates	1.0
Improved Better Care Fund	0.0
Other Government Grants	(1.2)
Adult Social Care Council Tax Precept @2.00%	(1.6)
<u>Other Changes</u>	
Removal of Council Tax increase @1.99%	1.5
Increase in Council Tax Base	(1.0)
Further identified pressures (Appendix 5)	4.0
Revised Savings Requirement	33.7

SAVINGS PROPOSALS

52. The specific proposals in this report as set out in Appendices 6 & 7 and outlined in the following paragraphs represent the Executive's budget proposals for

2016/17.

53. The November Council report set out budget proposals post consultation of £9.4M relating to 2016/17 to be implemented during 2015/16.
54. Following further work on potential savings proposals a report was taken to November Cabinet, recommending that £13M of savings proceed to consultation stage. The results of this consultation are attached at Appendix 1.
55. Following this consultation process this report now recommends £11.9M of the £13M savings for approval. The following savings have been withdrawn as a result.:

Portfolio	Portfolio Ref	Service Activity	Description of Item	2016/17 £M	2017/18 £M	2018/19 £M	2019/20 £M
Environment & Transport	E&T20	Transportation	Revert disabled on street parking bays into pay and display	0.03	0.04	0.04	0.04
Health & Adults Social Care	HASC 8	Long Term	Setting of Personal Budgets to meet unmet eligible adult social care need	1.10	1.10	1.10	1.10

56. If savings of £11.9M are approved this would have leave a remaining savings requirement of £12.4M still to be addressed.
57. As a result of this remaining gap further work has been undertaken identifying potential savings. These are detailed in Appendix 6 and total £8.5M. This report recommends these savings progress to consultation and the results of this consultation be reported back to Cabinet in due course.
58. If all these savings are implemented this would leave a remaining savings requirement of £3.9M. It is proposed to utilise available General Fund Balance to address this, as per paragraph 61.
59. This gives a total savings programme of £29.9M in 2016/17. A comprehensive list of all budget proposals can be found at Appendices 6 & 7.

	2016/17 £M
Revised Savings Requirement	33.7
Savings already implemented (Appendix 6 – August Savings)	(9.4)
November Savings Proposals (Appendix 6)	(11.9)
February Savings Proposals	(8.5)
Remaining Gap to be funded from General Fund Balance	3.9

60. For the purposes of considering an overall budget package, it should be noted that the roll forward budget includes a 3% vacancy factor built in to all salary budgets as well as the ongoing effects of savings identified in previous budget

rounds.

Change to Draw on Balances

61. The General Fund Balance in 2016/17 is expected to be £12.8M. This report details in paragraphs 79 to 86 and Appendix 12 a requirement to maintain this balance at £5.5M. Therefore £3.9M of this balance is recommended for release to support to General Fund budget.
62. It is also recommended that should any of the savings being proposed for consultation be removed as a result of this consultation, the shortfall is initially drawn from balances, until alternative savings options are identified.

PUBLIC HEALTH GRANT REDUCTIONS

63. The Public Health Grant that was introduced in April 2013, will continue to be a ring-fenced grant to Local Authorities into 2016/17 and 2017/18. The allocation will be subject to a new formula and will incorporate the transfer of funding for Childrens 0-5 Public Health services. The final allocation of Public Health grant for 2016/17 is still to be confirmed for local authorities. As part of the spending review it was announced that there would be further reductions in the grant, in addition to the £200M announced for 2015/16, through to 2020/21, as outlined in Table 2 below.

Table 2 – Public Health Grant Reductions

	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/ 21
Percentage reduction in total grant from 2015/16 baseline	2.2%	2.5%	2.6%	2.6%	0%

The Council is committed to identifying savings from within the total Public Health programme, comprising the delivery of internal and external services, in order to achieve the level of savings required and further reports will be brought on this matter as and when required.

TREASURY MANAGEMENT

64. The Council's Treasury Management Strategy was presented to the Governance Committee on 8 February 2016 and is the subject of a report on the Council agenda.
65. It aims to set out a proposed strategy for the coming year in relation to the Council's cashflow, investment and borrowing activity, and the management of the numerous tasks related to the activity. All the implications are included within the financial position set out in this report

STAFFING IMPLICATIONS

66. The City Council employs 3,450 non-school employees and their staffing costs constitute a significant element of overall expenditure. Given that this is the case, it is inevitable that when the Council is faced with such a significant funding shortfall, the savings proposals put forward, (as set out in Appendices 6

& 7), will have an impact on staff cost and staff numbers.

67. The Council has therefore continued to have in place a carefully planned approach to recruitment, ensuring that vacant posts have only been recruited to where absolutely necessary and essential for key service delivery.
68. This proactive approach has meant that the Council has been able to hold a number of posts vacant which can now be deleted in order to achieve savings as part of the budget process. The deletion of vacant posts reduces the impact on existing staff in post and reduces the actual number of employees who will be made redundant.
69. Based on the current savings proposals contained in the budget 194.60 Full Time Equivalent (FTE) posts are impacted, of which 37.01 FTE of posts are vacant. The post holders will either be at risk of being made redundant or be subject to TUPE transfer, and up to 158 individuals are impacted.
70. This adds 4.28 FTE posts to the previous proposals outlined at November Cabinet and Council. In addition to these the revised Operating Model and Children's Services efficiencies are to be extended to the next phase (2016/17) with a further impact on staff and overall staffing numbers. Any impact on staffing and options for service re-design will continue to be fully explored with affected employees and trade union representatives to inform final proposals and minimise redundancies.
71. Through the consultation process the Executive has explored all avenues with the Trade Unions and staff to identify wherever possible alternative options for delivering savings, in order that the level of proposed staffing reductions and redundancies can be reduced.
72. The Executive will also continue to ensure that impacted staff are aware of all the available options which can be used to avoid compulsory redundancies and this will include:
 - Early retirement,
 - Flexible retirement,
 - Voluntary redundancy and
 - Reduced hours

PROPOSED BUDGET PACKAGE

73. Summarised below is the proposed budget package put forward by the Executive for consideration. The detailed analysis is reflected in the General Fund Revenue Account set out in Appendix 8. The proposals are based on a Council Tax increase of 2.00% for Adult Social Care Precept and include a draw from balances of £3.9M.

	£M
Total GF Spending (After Addition to Balances & Pressures)	201.8
Savings Proposals (Appendices 6&7)	(29.9)
Net Grant Income	(90.9)
Council Tax Requirement including Adult Social Care Precept	81.0

COUNCIL TAX

74. The Executive are recommending no increase in Council Tax for 2016/17, with regard to the general power to increase council tax by 1.99% prior to referendum. They are recommending that council tax is increased by 2.00% for the Adult Social Care Precept, and all of this increase will be used to fund Adult Social Care. The Council Tax Requirement shown in Appendix 9, takes into account Government Grants and an assumed surplus on the Collection Fund at the end of 2015/16, £81M is the level of council tax required to provide a balanced budget for 2016/17. This is then divided by the council tax base set by the S151 Officer, following consultation with the Cabinet Member for Finance, to give the basic amount of council tax for the year of £1,313.55 plus £26.27 for the Adult Social Care Precept making a council tax of £1,339.82, this is a 2.00% increase. The full calculation is set out in Appendix 9.
75. The estimates of the payments from the Collection Fund in the form of precepts for 2016/17 are set out in Appendix 10. This also details the increase in Council Tax by property band for 2016/17.

This includes preliminary figures for the Police & Crime Commissioner (PCC) and the Fire Authority, for whom proposed council tax increases of 1.99% for a Band D property have been assumed at this stage.

76. The figures for both the PCC and the Fire Authority will not be approved until after the 10 February and therefore this report requests a delegation of authority to the S151 Officer to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Fire and Rescue Authority precept and the Police and Crime Commissioner for Hampshire precept.

GENERAL FUND BALANCES AND RESERVES

77. The Council continues to face funding cuts and changes to the funding regime, combined with increasing demand for services which means the Council is facing high levels of risk. In times of financial stress, one option open to Councils is to utilise reserves and balances to smooth the impact of reducing income and rising costs, allowing Members time to drive through necessary reductions in spend and service transformation.
78. As highlighted in February 2015 in the CFO's 'Statement on General Fund Budget Strategy' which formed part of the 2015/16 General Fund Budget report, the CFO set out that where the financial position allows, further contributions should be made to balances and reserves. This would provide the Council with further options to smooth and manage the impact of reducing resources and rising demand.

General Fund Balance

79. It is important for Cabinet and Council to consider the position on the General Fund Balance. Balances are used either to:
- support revenue spending,
 - support the capital programme, or
 - provide a 'working' balance at a minimum level suggested by the S151

Officer with any projected excess being available to fund any one-off expenditure pressures or to reduce the council tax on a one-off basis.

80. Several years ago, CIPFA issued guidance on a risk based approach to setting an appropriate level of reserves. The CFO at the time produced a calculation for the City which took into account factors such as:

- Exposure to pay and price inflation
- Volatile areas of income generation
- Demand led service expenditure
- Exposure to interest rate variations
- Contractual commitments
- Achievement of budget savings
- VAT partial exemption risk

81. This calculation is reviewed annually and updated to reflect current levels of expenditure, income, treasury management operations and any new considerations such as partnership arrangements. This level was reviewed in 2015/16 and the S151 officer recommended that the minimum level of balances be £5.5M in line with good practice guidance. Appendix 12 Chief Financial Officer's Statement on the Budget sets out this review.

82. The table below shows the position for General Fund balance after taking into account the budget proposals set out in this report and the current update of the Capital Programme. This balance will be £0.12M lower if the forecast outturn position is taken into account.

	2015/16	2016/17	2017/18	2018/19
	£M	£M	£M	£M
	(19.9)	(12.8)	(8.9)	(8.9)
(Draw to Support) / Contribution from Revenue	7.1	3.9	-	-
Closing Balance	(12.8)	(8.9)	(8.9)	(8.9)

84. The current level of balances reflects the budget proposals set out in this report to be approved by Council on 10 February. £8.9M of these proposals will still be the subject of consultation at this stage, should as a result of the consultation the savings proposals not be progressed the shortfall will impact on the General Fund Balance and Reserves, until alternative proposals can be progressed.

85. In view of the financial challenge facing the Authority the Council must not lose sight of the need to ensure that work is ongoing to develop sustainable savings proposals for future years and must be mindful of the need to carefully consider the extent to which one off funding is utilised in order to deliver a balanced budget in any one year.

86. The minimum level of balances is currently set at £5.5M. The above prediction indicates that the level of minimum balances will be maintained in the medium term, subject to the consultation.

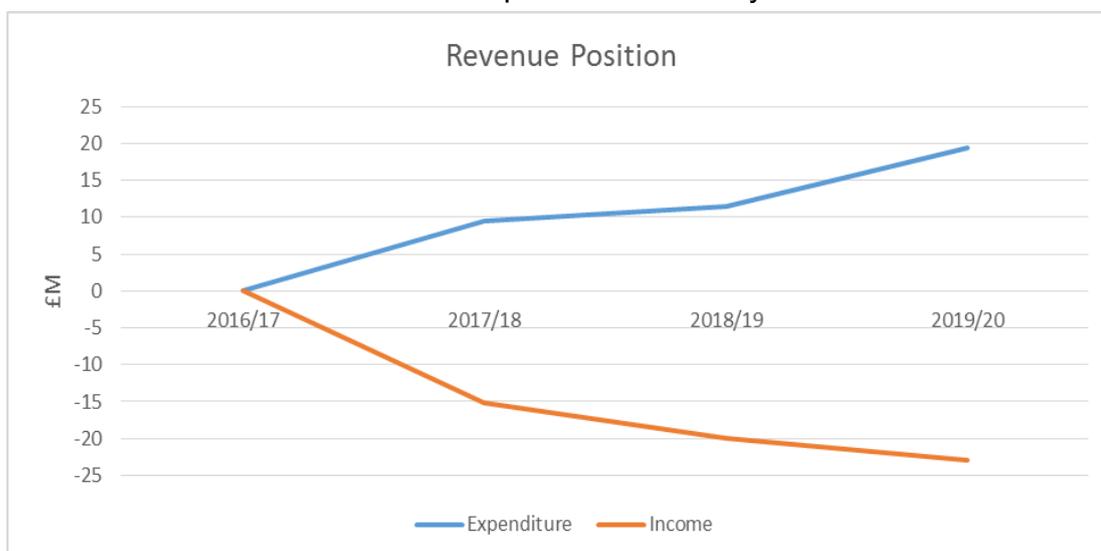
Presently, £3.4M is forecast to be available within balances above the minimum as a consequence of the position set out in this report. Given the fact that this is a forecast position and a number of proposals are subject to consultation it would not be prudent to utilise this amount at this stage of the year. However, any amount that is available within balances may be used to fund future initiatives, cover future liabilities or contribute to the revenue budget in future years.

Earmarked Reserves

87. As part of the Administration’s November Council report £10.3M of savings in 2015/16 were identified. At the time of writing the report it was expected that these would be required to ensure a balanced position in 2015/16. However, current forecasts are showing a much lower projected overspend of £0.12M. This creates some headroom in the overall 2015/16 financial position proposed, enabling a contribution to reserves (Medium Term Financial Risk Reserve). This is in recognition that the budget forecasts for 2016/17 onwards remains extremely challenging. It is expected that some of the Medium Term Financial Risk Reserve would need to be utilised if any of the savings subject to consultation are not taken forward. The full reserves policy is set out in the Medium Term Financial Strategy report elsewhere on the agenda.

MEDIUM TERM FINANCIAL STRATEGY 2015/16 to 2019/20

88. Elsewhere on the agenda is the Council’s Medium Term Financial Strategy setting out the financial direction of the Council, and expected financial position. It also sets out the financial planning process that is integral to the business planning process and the context within which the Medium Term Financial Strategy is set.
89. It should be noted that whilst the savings identified in this financial year and the PLGFS have gone some way to closing the gap, there does still remain a significant budget shortfall in the medium term, with a forecast savings requirement currently of £24.6M in 2017/18 rising to a cumulative requirement of £42.3M in 2019/20. This requirement will be reviewed and addressed as part of the ongoing development of longer term financial planning. The graph below shows the forecast financial position in future years.



90. Whilst the budget for future years does not need to represent a balanced position by the time that Full Council set the 2016/17 budget on 10 February 2016, Members should not lose sight of the need to ensure that work is ongoing to develop savings proposals for future years. Significant further work is required to ensure that savings can be delivered to balance the budget for these future years. It is imperative that plans are put in place as soon as possible in order that the Council can address the significant budget shortfall.

CONSULTATION

Consultation Process for the New Proposals detailed in Appendix 2

91. Where new proposals have been put forward these have been subject to consultation with the Council Management Team (CMT) and relevant Cabinet Members.
92. The Executive will undertake an extensive consultation process on their initial draft budget proposals following the production of this report. The Leader and the Cabinet are keen to listen to any new ideas on how to reduce costs, to receive feedback on the proposals and on the potential impact of the proposals to help to finalise the Executive's budget to be recommended to Full Council in July 2016.
93. The process used for public consultation is improved each year based on feedback from previous consultations. Consultation papers will be supported by an easy to read background to the budget, key information in themed information sheets and a set of frequently asked questions.
94. Consultation will be undertaken with Trade Unions and staff affected by the proposals in line with the agreed Human Resources (HR) policies. Public consultation will be undertaken with any people or organisations affected by the proposals to ensure all options have been considered, as well as with residents at a wider level.
95. Appendix 2 outlines the process, including the methods of consultation that will be employed.
96. As the budget proposals mean that more than 5 members of staff are at potential risk of redundancy, a minimum 45 day statutory consultation period is required. The staff consultation will commence on 11 February 2016 and will continue until 27 March 2016 for the main budget proposals, a period in excess of the minimum requirement.
97. For the public consultation on the draft 2016/17 budget a written consultation will run from 11 February 2016 to 21 April 2016 during which time responses to the formal consultation can be made. The consultation period will continue until the point of the final decision in July 2016, any feedback received during this period will be updated verbally at Cabinet.

Consultation Feedback

98. A full summary of the consultation for phase 1 of the 2016/17 budget is included in Appendix 1.
99. Southampton City Council's Cabinet published their phase one draft budget proposals for 2016/17 for public consultation on 19 November 2015. The first

phase consultation ran from 19 November 2015 until 14 January 2016 and included proposals relating to the General and Housing Revenue Account budgets. The agreed approach for the public consultation was to use a combination of paper and online questionnaires. This approach enables an appropriate amount of explanatory and supporting information to be included in a structured questionnaire, helping to ensure that residents are aware of the background and context to each of the proposals. It is therefore the most suitable methodology for consulting on a complex issue such as the whole draft Council budget. The proposals were also discussed at Overview and Scrutiny Management Committee and Health Overview and Scrutiny Management Committee, the recommendations are summarised in Appendix 1.

100. In total there were 544 responses to the consultation on the first phase of budget proposals for the 2016-17 financial year. The demographic make-up of the respondents is outlined below:

- The least represented age groups were under 16 and over 85, with 0% and 1% of responses respectively.
- The age group represented the most was the 55-64 year olds, with 26% of the overall respondents belonging to these age categories.
- The gender breakdown of consultation respondents was 52% male and 44% female.
- The ethnicity breakdown of consultation respondents was 89% White, 3% Mixed/multiple ethnic groups and 1% other ethnic group, Asian/Asian British and Black African, Caribbean or Black British .
- 14% of all questionnaire respondents considered themselves to have a disability and 30% were carers.
- Of the consultees who completed a questionnaire only 12% were Southampton City Council staff.

101. All questionnaire respondents regardless of which other questions they had responded to were given the opportunity to give their overall view on the proposals being consulted on. This was done using a ten point scale (where 1 was very unfavourable and 10 very favourable) to give a wide range of options to pick up on more nuanced views. The average response was six which is on the more favourable side of neutral. The combined total for favourable responses (7-10) is 42%.

102. Proposals were grouped into themes and described in information sheets, each information sheet had a question asking consultees to what extent they agreed with the group of proposals. The following table shows the response for each area.

Information sheet	% Combined agreement	% Combined disagreement
Internal Efficiencies	59	18
Services for all	54	30
Digital	74	17
Adult Social Care	48	32
Income & Charges	57	25
Housing	68	18

The group of proposals with the highest level of engagement was Internal Efficiencies, the group with the least engagement was Housing.

103. Overall agreement with the 2016-17 draft budget was 42% with 26% in disagreement

Issues Raised

104. In total 76 respondents answered the question on impacts this represents 14% of consultees. These 76 answers equated to 118 different comments which were drawn together into 12 themed groups. The most commonly identified impacts are around disabled and older people losing out as a result of the budget proposals. Full details are available in Appendix 1.

Summary of Consultation

105. Over 500 stakeholders have engaged with the consultation process and given their views on the proposals. The consultation has engaged with a range of individuals through a variety of methods to allow residents in Southampton to give their views on the budget for 2016/17. As this report has outlined, by looking at various demographic breakdowns of the respondents, there was engagement across a range of ages and locations across the city. The Leader and Cabinet have withdrawn two proposals having considered consultation feedback.

EQUALITY AND SAFETY IMPACT ASSESSMENTS

106. The Equality Duty is a duty on public bodies which came into force on 5 April 2011 and requires the Council to show that it has 'had regard' to the impact of its decisions on its equality duties and the need to advance equality of opportunity between people who have protected characteristics and those who do not. While the Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment (EIA), it does require public bodies to show how they considered the Equality Duty and that they have been consciously thinking about the aims of the Equality Duty as part of the process of decision-making. To comply with these requirements as well as the Community Safety legislation, the Council has used its existing impact assessment framework so that it can ensure the use of a consistent, council wide mechanism to evidence how decision-making took into account equality and safety considerations.

107. Individual Equality and Safety Impact Assessments (ESIAs) have been completed by Heads of Service for those proposals contained in Appendices 6 & 7, where it is felt that proposed savings could have an adverse impact on a particular group or individuals.
108. These were published alongside the Executive's draft budget proposals on 18 November 2015. The first draft of the Cumulative Impact Assessment, based on the initial ESIAs, was completed by a central team of officers within the council and was published on the Council's website on 1 December 2015. Additional ESIAs for phase 2 are detailed in Appendix 3 along with a revised Cumulative Impact Assessment

RESOURCE IMPLICATIONS

Capital

109. The revenue implications of financing the General Fund Capital Programme are reflected in the 2016/17 estimates presented in Appendix 8.

Revenue

110. As set out in the report.

Property/Other

111. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

INTRODUCTION

112. It is important that Members are fully aware of the full legal implications of the entire budget and Council Tax making process, when they consider any aspect of setting the Council's Budget. Formal and full advice to all Members of the Council protects Members, both in their official and personal capacity, as well as the Council. If Members have received the appropriate professional legal and financial advice and act reasonably, generally the courts will not interfere in their decisions.

GENERAL POSITION

113. The first and overriding legal duty on Members is their fiduciary duty to weigh the needs of service users against the interests of local taxpayers. In planning the budget, Members are under a fiduciary duty to act prudently, responsibly, in a businesslike manner and in their view of what constitutes the best interests of the general body of local taxpayers. In deciding upon expenditure, the Council must fairly hold a balance between recipients of the benefits of services provided by the Council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers.
114. There is a general requirement in administrative law that a local authority decision must be rational, authorised by law and must take account of all relevant considerations, whilst ignoring any irrelevant ones. It should also be noted that the concept of proportionality, given great emphasis in the Human

Rights Act 1998, is also becoming a relevant factor for determining the reasonableness of any decision and should be borne in mind by Members.

115. An authority commits an illegal act if it acts beyond or in abuse of its statutory powers or in breach of its fiduciary duty. It will also act illegally if it fails to take relevant considerations into account or acts in outrageous defiance of reason.

OBLIGATION TO MAKE A COUNCIL TAX

116. The legal significance of the Annual Budget and setting a Council Tax derives from the Council's duty under the Local Government Finance Act 1992 (the 1992 Act) to set a balanced budget and Part 5 Chapter 1 of the Localism Act 2011. This is achieved by calculating the aggregate of:
- I. the expenditure it estimates it will incur in the year in performing its functions in the year (including an allowance for contingencies),
 - II. the payments it estimates it will make in the year in defraying expenditure already incurred and
 - III. expenditure it will incur in funding costs before a transfer of funds is made from the Collection Fund and then deducting such sums as will be paid into the General Fund, (i.e. income). Calculations made under this section must be made before 11 March in the preceding financial year.
117. In order to fulfil this duty, the Council must prepare detailed estimates of its expenditure for the coming year and of the resources which will be available to meet this expenditure. Account must be taken of any deficit brought forward from a previous year and the amount needed to cover contingencies. The resources include income from rents, fees and charges and any available balances. All of these issues must be addressed in the budget report. The estimation of the detailed resource and expenditure items is the main reason for the budget process. The budget must balance, i.e. proposed expenditure must be met from proposed income from all sources, with any shortfall being the precept on the Collection Fund.
118. Failure to make a lawful Council Tax on or before 11 March could have serious financial results for the Council and make the Council vulnerable to an Order from the Courts requiring it to make a Council Tax.
119. Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for "the proper administration of their financial affairs'.
120. Information must be published and included in the Council Tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in a form and with contents prescribed by these regulations.
121. There is also a duty under Section 65 of the 1992 Act to consult persons or bodies appearing to be representative of persons subject to non-domestic rates in each area about proposals for expenditure (including capital expenditure) for each financial year.

DEFICIT BUDGETING

122. A deficit budget, one which does not cover all anticipated expenditure with

resources reasonably expected to be available, is unlawful. Any Council Tax which rests on such a budget will be invalid. Councils are constrained to make a Council Tax before all the separate elements, which will constitute available resources or anticipated expenditure, have been identified and quantified fully. Best estimates have to be employed.

123. Where these best estimates include sums for unallocated savings or unidentified expectations of income, extreme care must be taken to ensure that the estimates are reasonable and realistic and do not reflect an unlawful intention to incur a deficit.

It might be appropriate at budget setting time to require regular monitoring throughout the financial year of such estimated savings or income. Prompt action to reduce spending must be taken, if at any stage it seems likely that a balance between income and expenditure will not be achieved.

BORROWING

124. The rules and regulations governing a local authority's ability to borrow money were altered significantly by the introduction of the Local Government and Housing Act 1989 and subsequent regulations. This has now been abolished and replaced by the self regulating Prudential Code.

OTHER RELEVANT LEGISLATION

125. The Local Government Finance Act 1988 (the 1988 Act) created the (now repealed) Community Charge and the current National Non- Domestic Rating regime and deals with grants, funds, capital expenditure and the financial administration of a local authority.
126. Under Section 114 (2) and 114 (3) of the 1988 Act, the CFO is required to make a report, if it appears to him/her that a decision or course of action the Council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.
127. Members have a duty to determine whether they agree with the CFO's statutory report issued under Section 26 Local Government Act 2003. If Members were to disagree, they would need to set out cogent reasons for so doing. Unless such reasons could be set forward, Members' action in disagreeing with the CFO's views on the basis of his/her professional judgement would be likely to be held unreasonable and constitute wilful misconduct. It should be noted that under the Members' Code of Conduct, Members are required to take account of any advice issued by CFO (and the Monitoring Officer) acting in their statutory capacities.
128. The Localism Act 2011 contains provisions (Part 5, Chapter 1) which relate to the setting of Council Tax, including the arrangements for Council Tax Referendums.

BEST VALUE: LOCAL GOVERNMENT ACT 1999

129. The Local Government Act 1999 (the 1999 Act) introduced a duty of Best Value, which came into force on 1 April 2000. Members need to be aware of and take account of the impact on the Council of this duty.

THE CONSTITUTIONAL POSITION: LOCAL GOVERNMENT ACT 2000 (THE 2000 ACT)

130. The 2000 Act has had a fundamental effect on the governance of the Council and in particular has resulted in a change to the working arrangements of Council, with the requirement for a Constitution setting out executive (Cabinet) and scrutiny and overview arrangements. The 2000 Act also provides a power for Councils to promote the economic, social and environmental well-being of their areas and develop community strategies. In addition, the 2000 Act establishes an ethical framework.
131. Of particular importance to the Council Tax setting process and Budget Meeting of the Full Council is the Council's Budget and Policy Framework Procedure Rules set out in Part 4 of the City Council's Constitution. These provide a legal framework for the decision making process whereby the Budget of the City Council is determined, and the Council Tax is set. In addition, Members need to be aware that these Rules provide a route whereby the Leader may require the Full Council to reconsider their position if they do not accept the Executive's recommended budget without amendment.
132. In addition, the Constitution contains a range of further material relevant to the setting of the Council Tax and the Budget Setting meeting:
 - I. Article 12 contains guidance on decision making and the law;
 - II. The Council Procedure Rules in Part 4 regulate the conduct of the Full Council meeting (although traditionally, some of the rules relating to the conduct of the debate are suspended to allow different arrangements during the budget debate);
 - III. The Members' Code of Conduct must be followed by Members; and
 - IV. The Officer/Member Protocol contains guidance both on pre-budget discussions, but also on how officers and Members should interact with specific guidance about budget preparation issues.

PERSONAL LIABILITY AND SURCHARGE

133. The 2000 Act abolished the local government surcharge provisions and replaced them with a new statutory offence of 'misuse of public office'. This new statutory offence covers two situations, namely unlawfully incurring expenditure or incurring expenditure as a result of wilful misconduct. It also covers the exercise of a public function in a manner that involves dishonesty or oppression or malice. The Courts (rather than the District Auditor) would impose penalties. The Council could sue for losses/deficiencies sustained.

LEGAL STATUS OF POLITICAL PROMISES AND DOCUMENTS

134. It is appropriate for Members to consider their own position as some Members may have expressed support publicly for policies that are not policies of the Council.
135. Political documents do not represent a legal commitment on behalf of the Council. To treat any political document as a legal commitment by the Council would be illegal. Where there is a valid choice before Members, then, at that stage and only at that stage, Members may take political documents into account.
136. All decisions must be taken within the framework of the formal decision making process of the Authority. Members must take into account all relevant matters

and disregard all irrelevant ones. Decisions taken at a political meeting, such as a political group meeting, have no status within this process. A Member, who votes in accordance with a group decision which has been reached, having regard to relevant factors and who has addressed their mind independently to those factors and to the decision itself, will be acting within the law.

137. The Courts have also advised on the balancing exercise to be undertaken by a Council when deciding whether to pursue a particular policy:

A local authority must exercise its statutory powers in the public interest and for the purpose of which those powers have been conferred. Political views, as to the weight to be attached to the various relevant considerations and as to what is appropriate in the public interest in the light of those considerations, may properly influence the exercise of a statutory discretion. A decision will not be unlawful merely because some political advantage, such as electoral popularity, is expected to flow from it, so long as the decision is made for a legitimate purpose or purposes. Because at some stage in the evolution of a policy an improper political purpose has been espoused, does not mean that the policy ultimately adopted is necessarily unlawful. However, a political purpose extraneous to the statutory purpose can taint a decision with impropriety. Where there is more than one purpose:-

The decision will generally be lawful provided that the permitted purpose is the true and dominant purpose behind the act. This is so even though some secondary or incidental advantage may be gained for some purpose, which is outside the authority's powers.

The decision will be invalid if there are two purposes one ultra vires and one intra vires and the ultra vires purpose is a (even if not the) major purpose of the decision. Accordingly a decision substantially influenced by a wish to alter the composition of the electorate would be unlawful.

Where there is some evidence justifying enquiry, the Court will consider whether an apparently lawful purpose e.g. home ownership is merely a colourable device to conceal an illegitimate purpose e.g. electoral advantage.

Even if those voting for a particular policy at a Council meeting have perfectly proper reasons in mind, the policy can be tainted by the improper motives of others who have taken part in the formulation of that policy although not actually present to vote. As a matter of law it is possible for a corrupt principal to cause a result through an innocent agent.

Other Legal Implications:

138. The financial forecasts contained in this report have been prepared and are submitted as part of the budget process set out in the Council's Constitution. As part of the review process by the Council's Management Team (CMT), the proposals contained in this report have been checked from a legal viewpoint.
139. It should be noted by both Cabinet and Full Council that the decisions they are making, in terms of 'Budget setting' are effectively preliminary decisions, setting the framework for anticipated spending by the Council for 2015/16 to 2019/20. That framework and the matters set out in the budget influence and inform the strategic direction the Council will take during the budget period but specific proposals will require further implementation decisions (either at Cabinet or

Officer decision levels as appropriate) in order to be given effect.

140. The Council, as the decision-maker, will take a preliminary decision in relation to its budget, fully aware that the implementation of proposed policies may have an impact on the affected users and having considered its budget decisions having full regard to the requirements of the Equality Act 2010 and the public sector equality duty, but is not committing itself to the implementation of specific policies within the budget framework until it has carried out a full and detailed assessment of the likely impact as and where necessary. Those decisions will in turn address further equalities, consultation and practical matters without their outcome having been 'predetermined' by the approval of the budget.
141. Decision makers may also receive further representations, and/or choose to undertake further consultation on specific proposals. Decision makers will, as a result of further representations, consultation and other material considerations, be free to approve or reject implementation of specific matters proposed as part of the overall budget framework and it will, as a result, be for Council to determine how to meet any budget gap that may arise as a result of such implementation decisions.

POLICY FRAMEWORK IMPLICATIONS

142. The Medium Term Financial Strategy and the Budget are key parts of the Policy Framework of the Council and a Budget and Council Tax for 2016/17 must be proposed by the Executive (Cabinet) for consideration by the Full Council under the Constitution.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	All wards
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1	Budget Consultation and Feedback Analysis
2	Budget Consultation Process – February 2016 proposals
3	Equality and Safety Impact Assessment
4	Revised General Fund Revenue Budget 2015/16
5	Revenue Pressures
6	February Savings Proposals
7	August and November Savings Proposals
8	2016/17 General Fund Revenue Account
9	2016/17 Council Tax Calculation
10	2016/17 Collection Fund Estimates
11	Statutory Power To Undertake Proposals In The Report
12	Chief Financial Officer's Statement

13	Key Financial Risks
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Documents In Members' Rooms

1	ESIA - E&T 39 -Itchen Bridge Resourcing
2	ESIA -HASC 15 - Impact on Learning Disability (LD) Package Spend
3	ESIA-E&T40-RSH and University Hospital Southampton On-Street Parking
4	ESIA-ECSC4-Review of Looked After Children Services
5	ESIA-HASC14 -Cost Effective Care and Efficient Routes to Market
6	ESIA-HS5-Community Safety
7	ICM Consultation Report

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)