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| Report to: | CABINET | <i>Exempt information paragraph number – if private report:</i> |
| Report of: Date of Decision: | Designated Acting Chief Finance Officer 14 th February 2017 | |
| SUBJECT: | BIRMINGHAM CITY COUNCIL DRAFT FINANCIAL PLAN 2017+ | |
| Key Decision: Yes / No | No | |
| If not in the Forward Plan: (please "X" box) | Chief Executive approved | <input type="checkbox"/> |
| | O&S Chairman approved | <input type="checkbox"/> |
| Relevant Cabinet Member(s): | Leader /ALL | |
| Relevant O&S Chairman: | ALL | |
| Wards affected: | ALL | |

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| 1. Purpose of report: |
| 1.1 To consider the draft Birmingham City Council Financial Plan 2017+ for recommendation to the City Council. |

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| 2. Decision(s) recommended: |
| Cabinet agrees to: |
| 2.1 Recommend the attached draft Birmingham City Council Financial Plan 2017+ for consideration by the City Council on 28 th February 2017, subject to clause 2.3 below. |
| 2.2 Delegate authority to the designated Acting Chief Financial Officer, in consultation with the Deputy Leader, to make non material amendments or corrections to the draft Birmingham City Council Financial Plan 2017+(the Plan) as detailed in paragraph 5.7. |
| 2.3 Note that any material corrections/changes to the draft Financial Plan 2017+ required as a result of the Final Local Government Finance Settlement may need to be considered at a special Cabinet prior to Full Council on 28 February 2017. |

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3. Consultation

3.1 Internal

The “Budget Consultation 2017 +” document which set out the Council’s financial plan for 2017 onwards has received widespread publicity via e-mail, Inner Voice and staff briefings. Staff have submitted comments to the website and attended public meetings. Consultation with the Trades Unions has been taking place corporately. In addition, consultation with staff and Trades Unions has been led by directorates in relation to individual budget proposals.

3.2 External

Extensive consultation has taken place through the brumbudget17 website, an on-line Be heard survey, and postal comments. There have also been two public meetings in the north and south of the City, a consultation meeting with the business community and Twitter takeovers hosted by Cabinet Members. Consultation responses are available on the City Council’s website at <http://www.birmingham.gov.uk/brumbudget17>.

The consultation on the Council’s financial plan will be complemented by directorate-based consultation with the general public and service users on individual proposals so that no new service specific proposal (as identified in Appendix 5 of the draft Financial Plan 2017+) will be implemented until the Financial Plan 2017+ has been approved by Full Council and the requisite public sector equality duty or other statutory consultation has taken place, that decision makers have had ‘due regard’ to issues arising from this equality process and the necessary governance process has been completed.

Changes to original proposals set out in the Budget Consultation 2017+ made in the light of consultation responses are summarised in the Financial Plan at Chapter 3 of the Appendix .

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council’s policies, plans and strategies?

The draft Financial Plan 2017+ document represents a key element of the Council’s Policy Framework and articulates the policy and planning approach for the City Council.

Proposals in the draft Financial Plan 2017+, both in relation to extra investment in services and also where savings will need to be made, have been developed in the light of the City Council’s priorities.

The draft Financial Plan 2017+ takes account of the local and national context, reflecting the financial, social, economic and demographic issues facing Birmingham today and in the future. It summarises how we will be planning for the future, given the forecast financial position of the Council.

4.2 Financial Implications.

The Financial Plan 2017+ itself sets out the financial implications for the City Council. It also includes a section on how the Council has enhanced its arrangements for the planning and monitoring of the delivery of the savings programme, and for managing the

risks which are, inevitably, associated with its delivery, including contingency planning arrangements.

4.3 Legal Implications

A Council Financial Plan is an important element in our Policy Framework, as set out in the Local Government Act 2000.

The Council must set a balanced revenue budget and Council Tax in accordance with the requirements of the Local Government Finance Act 1992, as amended by the Localism Act 2011. These, together with the Capital Programme and Treasury Management Strategy and Policy, are key components of the Policy Framework which must be approved by the Council. These then set the resource framework and limits within which services must be delivered.

4.4 Public Sector Equality Duty. (see separate guidance note)

An initial Equality Analysis (EA) of the new service specific proposals as set out in the draft Financial Plan 2017+ has either been undertaken where appropriate, or is on-going. Where necessary, mitigations and the availability of alternatives have been and are being evaluated in order that the Council can fulfil its Public Sector Equality Duty.

Further consultation is on-going or is planned, and the full EA for service specific decisions will be considered before decisions are taken and implemented.

The draft Financial Plan 2017+ sets out individual resource allocations. These may need to be revised in the light of the on-going and further planned consultations and equalities assessments on individual savings proposals.

Relevant background/chronology of key events:

- 5.1 The Council has further developed its medium and longer term financial planning approach and this draft Financial Plan 2017+ contains a 2017/18 Budget and financial forecasts for 2018/19 – 2020/21 and a 10 year Long Term Financial Strategy.
- 5.2 The draft Financial Plan 2017+ is put forward to achieve the necessary level of savings whilst continuing to enable priority services and support to residents and businesses to continue.
- 5.3 The detailed financial plans and budgets are summarised in the draft Financial Plan 2017+ and explained in full detail.
- 5.4 The Budget proposals set out in the draft Financial Plan 2017+ are based upon a base Council Tax increase of 1.99% in 2017/18. In addition, it is proposed that the City Council continues to adopt the Social Care Precept, a 3% increase in Council Tax, as allowed by the Government (a 1% increase on that allowed in 2016/17), making an overall Council Tax increase of 4.99%. This increase will not require a referendum as it is below the 5% threshold set by the Government for 2017/18. It should be noted that the proposed investment in adult social care, particularly in respect of costs associated with the increasing number of older people requiring care, is significantly in excess of the additional income resulting from the implementation of the Social Care Precept.

Relevant background/chronology of key events:

- 5.5 The revenue resource position set out in Chapter 2 of the Financial Plan 2017+ is based on the Provisional Local Government Finance Settlement announced on 15 December 2016, and estimates based on the methodology for calculating adjustments to business rates in areas piloting 100% business rates retention, as set out in the Government's Technical Consultation Paper published in September 2016. The Final Local Government Finance Settlement is not expected until late February 2017.
- 5.6 The Fire & Rescue Authority meets on 20 February 2017 to approve its precept for 2017/18 and the Police and Crime Commissioner is expected to set his budget and precept in the week beginning 13 February 2017. The New Frankley in Birmingham Parish Council met on 19 December 2016 to approve its precept. The Royal Sutton Coldfield Town Council met on 13 December 2016 to approve its precept. The West Midlands Combined Authority approved its budget and Transport Levy at its meeting on 20 January 2017. The amount of the Environment Agency Levy has not yet been finalised. The appropriate information will be incorporated into the final version of the Financial Plan 2017 +, for the meeting of the City Council on 28 February 2017.
- 5.7 It is recommended that authority is delegated to the designated Acting Chief Financial Officer, in consultation with the Deputy Leader, to amend the attached draft Financial Plan 2017+ to take account of, and limited to, the following:
- a) any amendments agreed at or as a result of this Cabinet meeting on 14 February 2017; and
 - b) any minor adjustments arising from the Final Local Government Finance Settlement referred to in paragraph 5.5, and the impact of decisions as set out in paragraphs 5.6 above, and;
 - c) any non-material corrections/changes to enable the production of a final version of the Financial Plan 2017+ document for consideration at a Full Council meeting on 28 February 2017.

6. Evaluation of alternative option(s):

- 6.1 The Council must approve a budget and Council Tax level in order to identify resources for the provision of its services. The draft Financial Plan 2017+ (which includes the detailed budget) is the product of the careful evaluation of budgetary needs and policy priorities.

7. Reasons for Decision(s):

- 7.1 The attached draft Financial Plan 2017+ proposals satisfy the requirements for setting a budget for the City Council, and the Council Tax for the coming year, together with the related decisions required under the Localism Act 2011.

| Signatures | <u>Date</u> |
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| Leader | |
| Chief Officer: | |

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| List of Background Documents used to compile this Report: |
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| List of Appendices accompanying this Report (if any): |
| Birmingham City Council Financial Plan 2017+ |

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| Report Version | v7 | Dated | 10 February 2017 |
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PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - The equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

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| 1 | <p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it. |
| 2 | <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. |
| 3 | <p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p> |
| 4 | <p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) Promote understanding. |
| 5 | <p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) age(b) disability(c) gender reassignment(d) pregnancy and maternity(e) race(f) religion or belief(g) sex(h) sexual orientation |