

Bolton Council

Report to: Council

Date: 25th February 2015

Report of: Chief Executive **Report No:**

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Report Title: **2015/16 and 2016/17 Budget Report**

Purpose:

This report provides:

- the final details of the 2015/16 Revenue Budget
- options to inform Council Tax setting 2015/16
- the further details on each of the strategic budget options that were proposed in November 2014 to meet anticipated reductions, viz:
 - 24 service and funding reviews
 - the implementation of a digital, corporate support service
 - establishing an arm's length company for adult social care provision
 - delivering environmental services in partnership with Wigan MBC.
 - the outcome of consultation with the public and Trades Unions on the proposed high level budget strategy.

Recommendations:

It is recommended that Council approve:-

- Strategic budget reduction options for 2015-17
- One-off revenue allocations
- The Budget for 2015/16
- The Council Tax for 2015/16

Background Doc(s):

Statement on Local Government Finance (England) Revenue Support Grant for 2015/16 and related matters papers dated 3rd February 2015.

Financial Forecast and Budget Process 2015-17: Report to Cabinet, 10 November 2014

1. **INTRODUCTION**

Cabinet 16th February 2015

At the meeting of the Cabinet on the 16th February 2015 The Cabinet agreed, that in respect of the Revenue Budget 2015-17, to recommend to the Council the following:

- That the Council Tax be frozen for 2015/16 with the balance of £0.7m funding to achieve this in addition to the freeze grant to be taken from one-off revenue funding.
- To provide £2m of one-off revenue funding to support the Octagon Theatre's ambitious plans for redevelopment which will help lever in potential funds from the Arts Council and other funding sources. The Council's contribution would be to support access to the Octagon for young people and people with disabilities.
- That £1.3 of one-off revenue-funding is made available for use over 2015/16 and 2016/17 to improve the environment of the Borough (This will be used in conjunction with the £0.2m additional capital to create a £1.5m fund). The focus of the fund will include the one-off clean-up of neighbourhoods and streets, measures to tackle fly tipping and to enhance the council's enforcement activities across the borough.

Background

In November 2014 the Cabinet approved an outline budget strategy for 2015/17 as a basis for initial consultation, including:

- A series of assumptions and projections about the financial position, pending the Local Government Finance Settlement
- High level strategic options to deal with the scale of reductions anticipated, as a basis for further work and analysis.

The Cabinet asked for further work to be undertaken and reported back on each of the proposed budget options, together with the final financial position and initial feedback from stakeholders on the overarching budget strategy, including the results of a statistically valid survey of local residents.

This report provides the further detail that was requested. In summary the Local Government Finance Settlement has confirmed the scale of budget reductions that were projected for 2015/16 and the assessment for 2016/17 remains the same; the Council must therefore deliver savings of c£43m over the period 2015/17. Further work has therefore been undertaken on the strategic proposals to address this reduction and the final proposed budget strategy is set out in this report.

The purpose of this report is to present to the Council the final details on the 2015/16 Revenue Budget to enable the Council to determine the Revenue Budget and Council tax for 2015/16:

- The strategy for budget reduction 2015-17
- The Revenue Budget for Council Tax for 2015/16
- One-off budget allocations

2. STRUCTURE OF THE REPORT

This report is structured as follows:

- Section 3 sets out the overall budget for 2015/17 including:
 - the major variances from the previous year;
 - the transactions on the Collection Fund; and
 - the Financial Arrangements Account for 2015/16.
- Section 4 provides options for Council Tax levels for 2015/16 in order that the Cabinet may make a recommendation to Council
- Section 5 includes the further detail on the strategic budget options that were proposed to deliver a balanced budget for 2015/17 as follows:
 - The timetable of individual service reviews
 - The alternative service delivery model for adult social care
 - Digitally enabled support services
 - Joint delivery of environmental services with Wigan MBC
- Section 6 sets out the consultation feedback on the proposed budget strategy, including the results from a structured survey of local residents and the Trades Unions' response
- Section 7 provides an overview of delivery issues and proposals, including the requirement for up to £40m of one-off funding to balance the budget pending delivery of savings; resource the programme and maintain organisational outcomes

3. THE COUNCIL'S BUDGET 2015/17

2014/15 Outturn

The projected 2014/15 outturn expenditure (excluding Schools) is £222.8m and as a consequence of this, available General Fund balances are expected to be approximately £10.66m at the 31st March 2015.

The above projected 2014/15 figures also assume spending delegated to schools will be in line with the budget. School balances, as required by legislation, are carried forward for the sole use of schools.

2015/16 Revenue Support Grant Settlement

On the 3rd February 2015 the Government announced its Revenue Support Grant for Local Government for 2015/16. The Grant figures for 2015/16 announced in the Settlement are in line with those forecast in February and November, and therefore savings of £24.7m are required in 2015/16 to balance the budget. This represents a **28%** reduction in Revenue Support Grant compared to the current year (2014/15). Savings at £24.7m are a **15%** reduction on the Councils controllable budget (ie excluding schools, precepts and levies and Public Health which is ring fenced) of £170m.

The funding that the Council will receive includes RSG, Business Rates Top-Up, New Homes Bonus, Education Services Grant and Public Health funding and these are included in the table in the section below and also in Appendix A.

Income and costs

The Council projected a series of increases in costs in 2015/16, together with other opportunities to increase income. The full details are set out in the November budget report to Cabinet, attached.

The final analysis confirms the projected increases in cost and income, as set out at the beginning of consultation, with the exception of changes to the Direct Schools and Public Health funding and the impact of the 2014/16 Pay Award.

Expenditure Forecast

An updated expenditure forecast in the context of the likely increased financial demands facing the Council is as follows.

	Forecast 2015/16 £000s	Forecast 2016/17 £000s
Previous Year's Net Budget	477,458	465,099
Additional Public Health Transfer	-116	-
Increases:-		
Schools DSG	2,555	-
Non School Services		
Inflation	4,249	4,053
WDA / PTA	1,525	1,525
Pensions	804	817
Adult & Children's Growth	1,000	1,000
National Insurance Changes	-	1,808
Loss of Local Welfare Fund Grant	1,214	-
Savings Required	-23,590	-18,330
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Budget Requirement	465,099	455,972
Resources		
Direct Schools Grant	229,036	229,036
Public Health Funding	18,790	18,790
Education Services Grant (ESG)	4,250	4,000
New Homes Bonus	4,036	4,700
Use of Reserves	2,000	2,000
Retained Local Business Rates	43,541	44,401
Council Tax Freeze Grant 2015/16	19,172	19,555
Business Rates Top-Up	1,071	1,071
Council Tax Contribution *	89,984	91,783
Revenue Support Grant	53,219	40,636
	-----	-----
Total Resources	465,099	455,972
Council Tax Increase (indicative*)	0%	2%*

2015/16 Reductions and assumptions

The figures above are based upon a Council Tax increase for Bolton Council (including Waste and Transport Levies) of 0%. The overall Council Tax increase, including Police and Fire Precepts, is 0%. Advice to Members to inform Council Tax setting is provided in Section 4.

Funding for the Voluntary Sector

The Council has proposed funding reductions of c£250,000 from corporate voluntary sector grants in the 2015/17 budget, plus potential further amounts from services. The precise level of reductions involved will require a detailed piece of analysis and consultation with funded groups, which will take a period of months to complete.

It will not, therefore, be practicable to bring this option forward during 2015/16 and as such it is proposed that the level of resources allocated to the voluntary sector in 2013/15 will be retained for the next financial year on a transitional basis, pending a full review and reductions to apply from 1 April 2016.

Balances / Financial Risks

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

Currently it is estimated that available Balances as at the 31st March 2015 will be £10.66m. The Borough Treasurer's advice to Members is that, as a minimum, Balances of £10.0m or higher should be maintained based upon the Borough Treasurer's understanding of the risks and financial issues facing the Council over the next 3 years and the proposals around the Budget, as identified in this report. Should Members wish to agree any additional items for growth or for savings not in this report, then the Borough Treasurer will need to advise Members as to whether or not those proposals would result in an increase in the financial risk facing the Council and therefore a need for a higher level of Balances to be set as a minimum.

The Financial Arrangements Account

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

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

Parish Precepts

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

	2014/15	2015/16
	£	£
Blackrod	49,900	53,858
Horwich	185,386	185,836
Westhoughton	129,049	130,750

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

Business Rates

The recent Government statement has provided final figures for Revenue Support Grant (£53.219m) and Business Rates Top-up (£19.172m). It should be noted that the National Non Domestic Rate next year is 48.0p in the pound for small businesses and 49.3p in the pound for larger businesses.

A report on the proposed amendments to the Non Domestic Rates: Discretionary Rate Relief Framework in accordance with the amended powers available to the Council under Section 47 of the Local Government Finance Act 1988 is attached as Appendix L.

The Cabinet is requested to approve the inclusion of a local scheme to grant relief on a case by case basis, under Section 47, based on the Government's 2014 Autumn Statement in relation to the extension of the national transitional relief scheme that billing authorities are being asked to introduce locally.

Use of one-off revenue and capital resources

In the November report the Council highlighted that one of the ways in which it was possible to mitigate the impact of revenue budget reductions was to maximise the use of capital resources. As part of this strategic approach the Council decided to maximise the amount of capital available over the next 12 months by fully utilising borrowings from available revenue support. Coupled with a hard look at maximising efficiencies in the existing capital programme this made available £13m of capital resources.

As Members will be aware, capital funding is only available for capital schemes eg road maintenance, housing etc and as such is not as flexible as the use of one-off revenue which can fund other valuable one-off activity in support of achieving the Council's objectives or mitigating the impact of budget reductions. Therefore to provide some choice of revenue and capital funding for investment the Borough Treasurer has sought to "swap" available capital funding for one-off revenue where this one off revenue is supporting expenditure that is eligible for capital funding. This amounts to £3m with a further £1m available through other one-off revenue and predicted underspends. This makes available:

- £4m for one off revenue allocations
- £10m for allocation from the capital programme.

That in respect of the Revenue Budget 2015-17 the Cabinet recommends to the Council the following in respect of £4m one-off revenue resources

- That the Council Tax be frozen for 2015/16 with the balance of £0.7m funding to achieve this in addition to the freeze grant to be taken from the one-off revenue funding.
- To provide £2m of one-off revenue funding to support the Octagon Theatre's ambitious plans for redevelopment which will help lever in potential funds from the Arts Council and other funding sources. The Council's contribution would be to support access to the Octagon for young people and people with disabilities.
- That £1.3 of one-off revenue-funding is made available for use over 2015/16 and 2016/17 to improve the environment of the Borough (This will be used in conjunction with the £0.2m additional capital to create a £1.5m fund). The focus of the fund will include the one-off clean-up of neighbourhoods and streets, measures to tackle fly tipping and to enhance the council's enforcement activities across the Borough.

That the Cabinet recommends to the Council the following in respect of the £10m unallocated Capital Programme Resources for 2015/16 and £3m unallocated Capital Resources in 2016/17:

- £0.2m of capital funding to complement the revenue funding provided to improve the environment of the Borough.
- £5m investment in highway schemes including residential roads and pavements at £2.5m in 2015/16 and £2.5m in 2016/17.

- £4m contribution to a new Horwich Leisure Centre in conjunction with other funding partners.
- £1m for other Leisure and youth provision capital investment to enhance sporting and social activities for young people and adults.
- £1m investment to increase the provision of aids and adaptations in people's homes to improve their quality of life and enable them to live independently longer at £0.5m in 2015/16 and £0.5m in 2016/17.
- An additional £1m for investment in Housing and Housing Improvements
- £0.5m to improve road safety in the vicinity of the borough's schools including the implementation of 20mph zones and/or other road safety schemes
- £0.3m to support capital programmes for the voluntary and community sector including via capital projects within the Community Empowerment Fund

4. **COUNCIL TAX 2015/16**

The only outstanding issue for 2015/16 is the setting of Council Tax. The Secretary of State has announced that the Referendum limit for 2015/16 is 2%. If the Council was to increase its Council Tax by 2%, i.e. below the Referendum threshold, this would raise £1.8m in income. This is in line with the forecast described above.

The Secretary of State also confirmed that for those Councils that freeze their Council Tax in 2015/16 a Council Tax Freeze Grant would be awarded which will provide funding in 2015/16. This would amount to a grant of £1.1m and if the Council was to accept this grant, then the overall resources available to the Council would be £0.7m less.

Whilst previous Council Tax Freeze Grants have been incorporated in the Revenue Support Grant there is currently no guarantee that the 2015/16 Freeze Grant will be fully funded in 2016/17 and beyond.

In effect the Council has two main choices as summarised below:-

	Raises	Less than Forecast
	£m	£m
Set CT below the Referendum Limit, ie. +2.00%	1.8	0.0
Accept CT Freeze Grant and set CT at a 0% increase	1.1	0.7

Members will need to strike a balance between the immediate impact of a Council Tax increase on Council Tax payers and the on-going permanent increase in the Council Tax base of increasing Council Tax. A 2.00% increase in Council Tax for Bolton Council is the equivalent to an additional 33p per week on Band A properties which are more than 40% of the properties in Bolton. The permanent addition to the Council Tax base would be the £1.8m additional income.

That in respect of the Revenue Budget 2015-17 the Cabinet recommended to the Council that the Council Tax be frozen for 2015/16 with the balance of £0.7m funding to achieve this in addition to the freeze grant to be taken from the one-off revenue funding.

Police and Fire Authority Precepts

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

	Band A	Band D	Increase
	£	£	%
Police	101.53	152.30	0.00
Fire & Civil Defence	38.42	57.64	0.00

Should the final decisions of these Authorities be different, then this will be reported to Members at the Council meeting.

On the basis of a total budget requirement of £205.916m (i.e. total expenditure less Dedicated Schools Grant, New Homes Bonus, Public Health funding, Council Tax Freeze Grant and Use of Reserves) the balance to be raised from Council Tax is £89.954m as shown below:-

	2014/15		2015/16	
	£000s	£000s	£000s	£000s
Bolton Parish Precepts		222,819 364		205,916 370
Budget Requirement		223,183		206,286
LESS Collection Fund (Council Tax)		400		400
		222,783		205,886
LESS INCOME				
Revenue Support Grant	73,420		53,219	
Business Rates Top-Up	18,813		19,172	
Non Domestic Rates	41,888	134,121	43,541	115,932
Balance to be raised from Council Tax		88,662		89,954

The Council Tax base for tax setting purposes in 2015/16 is 70,176 Band D equivalent properties.

The basic amount of Council Tax for the part of the Council's area where no Parish Precepts apply but including for the Police and Fire and Civil Defence precepts, is £990.99 for a Band A property and £1,486.50 for a Band D property.

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

	Tax Base in Band D Equivalents
Blackrod	1,809
Horwich	7,089
Westhoughton	8,198

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

	Additional Council Tax Band A	Additional Council Tax Band D
	£	£
Blackrod	19.85	29.77
Horwich	17.47	26.21
Westhoughton	10.63	15.95

The table below shows the total Council Tax for all Bands in the various areas:-

<u>Valuation Bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
A	£1,010.84	£1,008.46	£1,001.62	£990.99
B	£1,179.32	£1,176.56	£1,168.58	£1,156.17
C	£1,347.79	£1,344.63	£1,335.51	£1,321.33
D	£1,516.27	£1,512.71	£1,502.45	£1,486.50
E	£1,853.21	£1,848.85	£1,836.31	£1,816.82
F	£2,190.16	£2,185.02	£2,170.20	£2,147.16
G	£2,527.11	£2,521.17	£2,504.07	£2,477.49
H	£3,032.54	£3,025.42	£3,004.90	£2,973.00

For information Appendix I sets out a comparison between the level of Council Tax in 2014/15 and 2015/16 (for those areas which do not include the Parish Council Precept) and the percentage of properties in each band.

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

Council Tax Billing

The Budget contained in this report assumes that the Council Tax is set at the Council Meeting on the 25th February 2015. Should the Council not be able to set the Council Tax on that day then a week's delay will put back the processing and distribution of Council Tax bills which will incur additional costs.

5. STRATEGIC PROPOSALS TO MEET BUDGET REDUCTIONS

In November 2014 the Council approved a budget strategy to seek to respond to the scale of project reductions which have now been confirmed. In summary this involved:

- a two year budget, 2015-17
- the identification of c£17m corporate finance options to mitigate reductions required in service budgets

- a set of criteria against which departmental and corporate savings targets will be allocated, to ensure that organisational priorities and values are protected as far as possible. This includes
 - That as much as possible should be found from reductions in management and administration and from further efficiency measures
 - That the most vulnerable should be protected and lower levels of savings found from children's and adults social care services
 - That targeting should take place to protect services to individuals and areas in greatest need and deprivation
 - That given the reductions taken so far from front-line universal services such as green space provision (ie grass cutting and street cleansing), these services should be protected from further service reductions if possible, although further efficiencies and non-front line reductions will be necessary.
- A strategic approach to delivering savings by examining the use of:
 - streamlined and centralised support services;
 - the appropriate use of capital and one-off reserves;
 - alternative service delivery models;
 - a new customer contact strategy;
 - a new relationship with the community based on increased self-reliance;
 - public service reform and
 - maintaining good employment practices.
- arrangements were also published for a pilot Community Empowerment Fund, to provide one-off investment to enable residents to mitigate the impact of Council funding reductions by becoming more self-sufficient.

By applying these principles, a budget strategy was proposed at a high level as follows:

- 24 service and funding reviews, including reductions in funding to the voluntary sector
- the implementation of a digital, corporate support service
- establishing an arm's length company for some adult social care provision
- delivering environmental services in partnership with Wigan MBC.

Further details about each of the proposed options is set out below, following further work and analysis.

The adult's social care company

The Council proposes to set up a wholly owned, Local Authority Trading Company (LATC). The objectives for the company would be:

- To reduce net costs
- To create a sustainable organisation within the market of social care provision
- To create a service that remains within the Council's strategic guidance and control
- To retain any surpluses for the Council
- To maintain a fair level of pay and conditions
- To sustain the existing strong public service ethos
- To focus on quality provision.

Analysis is ongoing about the precise scope of services to be transferred into the LATC however, at this stage, the proposal is to include the following during the 2015/17 budget round.

- Supported Living/Network Houses
- Learning Disability Respite
- Learning Disability Day Care
- Older Adults Day Care
- Adult Placement
- Some of Extra Care

The decision to absorb the Extra Care service into the LATC is subject to further work. It should be noted, however, that the original Council budget proposals provided for a stand-alone review of the Extra Care Service with a savings target of £1m. If it is approved that the LATC absorbs this service then the separate budget option will be withdrawn but the savings target for the company will be increase by the same amount.

There could be consideration of further services to be included in the LATC towards the end of this budget period, such as intermediate tier services or service provide through the Better Care Fund.

430 Council staff are currently employed in the services which at this stage are proposed to be in scope of the LATC, occupying a total of c400 Full Time Equivalent (FTE) posts and the total budget is approximately £12m.

Existing staff will be given the option to transfer to the new organisation on their existing terms and conditions, or to take voluntary severance or voluntary early retirement prior to transfer. The Council has been asked for a position on the scope for the LATC to re-employ staff who leave the Council on severance terms; the council's policy position will be determined as part of detailed consultation however there is nothing in law to prohibit this.

In order to achieve savings, new staff would be employed on lower terms and conditions. The specific pay and grading arrangements for new starters will be subject to consultation but will be based on Living Wage principles and specified contracts of employment (ie no zero hours arrangements). The standard of terms and conditions will be built into the agreement between the Council and the company.

The company will also have an aspiration to grow business beyond that awarded by Bolton Council. Key areas that will be investigated in the future include selling services to:

- Self-funders and direct payment holders: This could include traditional care services, personal assistant services
- Potential of specialist dementia residential care
- Other Local Authorities
- Health organisations: with respect to issues such as helping to deliver earlier discharge from hospitals

The intention would be to develop the detail of this option as a basis for consultation by end of May 2015 and to allow a period of 3 months detailed consultation. Subject to the outcome of consultation, it would be possible to establish the company from April 2016.

Digitally enabled support services

The Council's objective is to modernise the support service infrastructure and achieve savings of c£5m by reducing internal and external administration capacity; driving customer channel shift and investing in technology.

The vision is that this will involve:

- digital information and communications management:
 - A single front door to the Council through the web site
 - More and better engagement with our citizens through the web, social media and electronic notifications.
 - All communication electronic by default. All data published on line
 - processes accessed and delivered through web-based customer self-service as far as possible
- Vulnerable and complex customers supported through a smaller contact centre, as far as practicable through web chat and assisted self-serve
- Sharp internal processes with minimal administration, primarily delivered on a self-serve basis
- A smaller team of skilled administrators meeting service-critical needs across the council

This workstream will incorporate a review of all administration-based services. The specific services and teams that have been identified as in scope at this stage are as follows:

- Every administration post:
 - Generic ie PAs and Business Support
 - Specialist Admin, largely Social Care
 - “Shared Services”: Payroll; Training; Accounts Payable & Receivable; HR and Finance Administrators
- Contact Centre Services and Back Office functions:
 - Council Tax
 - Benefits
 - Environmental Services enquiries
 - Other Contact Centre processes
- Every other service-based post at Grade 7 or below which spends c50% or more of time on administration processes. These posts will be incorporated as part of wider service reviews throughout the budget cycle

The savings from this budget option will largely come from a reduction in number of administration posts, as a result of customer and officer self-service and significantly more channel shift to on-line administration service delivery. It is estimated that around 200 of the c500 posts identified in scope will be reduced and this will be achieved through consensual reductions as far as possible (ie by deleting vacancies, of which there are c100 relevant posts and accepting severance / VER requests, of which c50 applications have been received).

It is likely that there will also be a requirement to re-balance remaining resources across the transformed services, as vacancies are unlikely to be distributed evenly across council services. Again the Council will endeavour to achieve this change in agreement with staff, but some contractual change to achieve more generic working across the council may be required.

The proposed approach to this work is as follows:

- Systems review and proposals for digital platform
- Review of all generic and specialist administration functions
- Review of contact centre processes and associated back office functions
- Full savings proposals available as a basis for detailed consultation by 2016.

Joint delivery of environmental services with Wigan MBC

It is proposed that the majority of the Council's Environmental Services department are delivered on a partnership basis with Wigan MBC. Consideration is also being given to the inclusion of the Council's facilities management services, currently managed by Corporate property Services, into this arrangement. The detail of each service and precise scoping will be subject to further analysis and a more detailed proposal brought forward for consultation in July 2015.

Joint delivery will achieve savings from a combination of:

- Trading growth
- Reducing dependency and managing demand
- Optimisation of staff resources
- Standardising processes and removing waste
- Cost savings, eg reductions in combined fleet size, buildings and back office support costs

Indicative savings are as follows:

Category	Indicative Savings (£000s)
New ways of working and optimisation of staffing resources	1,080 - 1,550
Procurement	35 - 50
Process efficiencies	200
Trading growth (surplus generated)	75 - 200
Operating cost savings (e.g. reductions in the combined fleet, buildings and back office support costs)	610 - 1,000
Total	2,000 - 3,000

This joint provision will involve:

- a joint management Board between Bolton and Wigan Borough Councils. The Committee will be equally constituted by Elected Members from each council, supported by a single management team and will be accountable for ensuring that service standards and priorities are upheld by the joint team.
- The retention of existing contract and employment arrangements for staff within their respective authorities as day to day duties and locations will continue, but an expectation that staff will work across the partnership when reasonably required to do so
- The Council will seek to manage any change in cases where this is required, eg amended duties or work location, on a voluntary basis through an agreed and non-binding contract variation and/or secondment arrangement. This arrangement will be subject to ongoing monitoring and review.

Subject to the development of the detailed business case over the next few months, the services that are likely to be in scope of the joint working initiative are:

Highways

- Highways Maintenance
- Street Lighting, signs and road lining
- Winter Maintenance
- Gully Cleansing
- Highways Drainage
- Highways, Engineering and Drainage Design Services
- Road Safety and School Crossing Patrols
- Asset Management
- Traffic Management including Street works

Neighbourhood and Regulatory Services

- Street Cleansing and Environmental Enforcement
- Grounds Maintenance
- Greenspace Management
- Pest Control and Dog Warden service
- Food Control
- Licensing
- Trading Standards and Consumer Advice
- Health and safety
- Pollution Control

Community Services

- Waste and Fleet
- School Meals
- Building Cleaning
- Heaton Fold
- Bereavement Services
- Social Needs Transport
- Security and Response

There are also a number of services that do not fall neatly into the responsibilities of both Environment Directorates but are worthy of further consideration of their potential for inclusion in a Joint Working Arrangement. These are:

- Property Maintenance
- Parking Services
- Public Rights of Way
- Insurance Claims
- Community Safety
- Community buildings and neighbourhood centres
- Area Working and Neighbourhood Management

Finally there are services that are considered to be out of scope. These are:

- Albert Halls
- Management of the Borough's Markets

The services in scope of this option will be phased into the joint delivery model over the two year budget period; the detail of this plan will be subject to the detailed consultation exercise.

Individual service reviews

Indicative timescales for bringing forward all other reviews are as follows:

Report	Earliest date of report for consultation
<ul style="list-style-type: none"> • Review of housing services • Review of D&R Funding and subsidies • Reduction of Highways insurance budget (Final report) 	Q1 2015/16
<ul style="list-style-type: none"> • Review of subsidies within Community Services • Review of area working and neighbourhood management • Review of Extra Care (If not part of Adults L:ATC) • Review of youth, sport and play services • General efficiencies: Children's Services • Income and efficiencies within Planning, Contracts, Skills and Building Control Services • Review of Housing strategy, economic development & strategic development services 	Q2 2015/16
<ul style="list-style-type: none"> • General efficiencies: Adult's Social Care • Review of corporate voluntary sector grants • Review of Library and Museum Service • Review of waste collection service • Review of Children's Centres 	Q3 2015/16
<ul style="list-style-type: none"> • Review of corporate support services 	Q4 2015/16

6. STAKEHOLDER CONSULTATION

The Council consulted stakeholders on the strategic budget options using a range of mechanisms.

The most significant piece of consultation was a statistically valid questionnaire which was issued to a random sample of 10 000 households within the Borough. The structure of this questionnaire and number of responses received give the Council assurance that, within a confidence interval of +/- 3% the survey feedback accurately reflects the views of local people (meaning that we can be 95% certain that the true results, had everyone in the borough completed a survey).

Other consultation mechanisms included:

- Formal consultation with the Trades Unions through the SLJCC and subsequent Corporate Employee Relations Meetings, supported by DJCCs, for the duration of the consultation period
- A detailed explanation of the overall budget position and how residents could feed in their views in the November issue of Bolton Scene, the Council's newspaper which is issued to every house in the borough.
- Publication of the public consultation survey on-line
- An organised briefing event for the public which was held in January 2015, to explain the budget and the options put forward and to seek people's views
- Target presentations/discussions with specific groups such as the voluntary and community Sector Forum, Business Ratepayers, schools and other groups as appropriate
- A comprehensive communications campaign for staff to ensure every employee understands the proposals and how to feed in during consultation. This involved a letter to every member of staff from the Chief Executive and briefing sessions held by Directors for every member of staff in each department.

Feedback from the structured sample survey

A detailed piece of analysis of the questionnaire feedback is appended to this report. **Feedback on how strongly the public agreed with the Council's specific proposals or otherwise was as follows:**

	Agree	Neutral	Disagree	Base
Deliver savings by examining alternative ways to deliver services such as adult social care and environmental services e.g. arms-length companies, not-for-profit organisations, trusts, working with neighbouring authorities	64%	20%	16%	895
Reduce reliance on council led services by encouraging and supporting communities and individuals to deliver the activities	63%	21%	16%	890
Save money by encouraging people to self-serve and contact the council via the web or by telephone rather than face to face	59%	13%	28%	900

Maintain the frequency of waste collection services and deliver savings by reducing the size of the grey (residual waste) bin	51%	14%	35%	901
Make savings by reducing subsidies for leisure activities and the removal of some free activities	48%	17%	35%	890
Protect services for children in most need by reducing services in other areas such as children's centres, youth, sport & play services	42%	19%	39%	891

Other key messages from the returns were as follows:

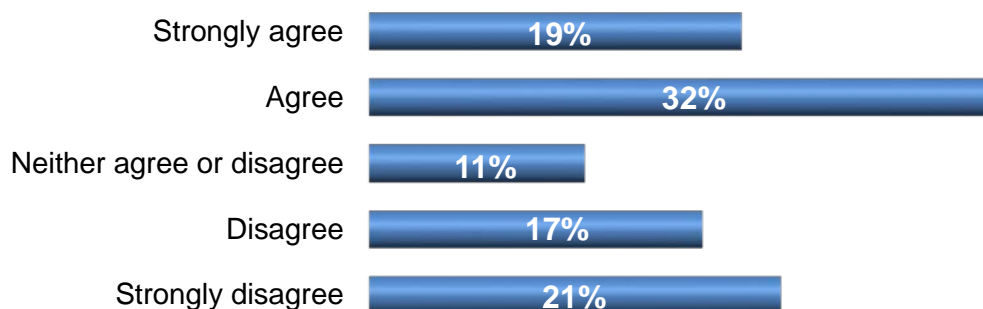
Most respondents agreed with the council's **approach** to making the necessary savings: 90% agreed with maximising economic prosperity in Bolton and 87% agreed with ensuring the most vulnerable are impacted least by the budget reductions. Fewer residents agreed that it was important to narrow the gap between the most and least well off (72%) and to minimise the impact on staff and avoid compulsory redundancies (67%).

The majority of respondents also agreed with the set of **principles** proposed by the council; 93% agreed with maximising proposals that improve efficiency and make savings from management and administration before front line staff, three-quarters (76%) agreed that targeting should take place to protect services to individuals and areas in greatest need and deprivation and two-thirds (66%) agreed that lower levels of savings should be found from children's and adult's social care.

When asked how strongly they agreed or disagreed with more specific **proposals**, there was a slightly more mixed response from respondents; just under three-quarters (64%) agreed with examining alternative ways to deliver services e.g. not-for-profit organisations or working with neighbouring authorities, 63% agreed with reducing reliance on council-led services by encouraging and supporting individuals to deliver the activities and 51% agreed with maintaining the frequency of waste collection services by reducing the size of the grey bin.

Respondents were informed that the proposals put forward assumed a 2% increase in **council tax** and asked to state how strongly they agreed or disagreed with this. Just over half of respondents (51%) agreed with the proposal to increase council tax by 2% as follows:

Q5 Please state how strongly you agree or disagree that the council should raise council tax by 2% to achieve the savings and avoid even more cuts to services



Base: 907 respondents

Over four-fifths (83%) said they were aware of the need for the council to change the way it delivers services and over three-quarters (76%) accepted that budget reductions had to be made but only four out of ten felt the council was doing its best under difficult circumstances.

Respondents were asked to state how the proposals would **impact** on them or their families. Four out of ten said that the proposals would have 'no' (or minimal) impact on them. A third said there could be financial implications due to the increase in council tax or job losses and around a fifth commented on the proposed changes to the bin services.

Respondents were asked to suggest **alternative solutions**; these included cuts to staff / management, other efficiencies such as dimming street lights, increasing revenue / releasing capital, and cutting the costs of councillors and the mayor.

In addition, specific issues that were made at the public meeting, to which c40 people attended, were as follows:

- concerns were raised about the impact of funding reductions on the work of the voluntary sector
- the importance of maintaining reasonable terms and conditions within the adults social care company was expressed and general concerns raised about some of the poor practices reported within the private sector
- the risk of increased fly tipping and contaminated recycling as a result of a potential proposal to reduce the size of wheeled grey bins was highlighted and assurance sought about the council's strategy for managing this
- the importance of assessing the equality impact of all of the proposals was discussed, particularly the most vulnerable residents and those in scope of the council's anti-poverty strategy
- the risk of reductions in some council services causing an increase in others, particularly those that deal with prevention or early action, was highlighted
- a specific suggestion was made that levels of reserves should be reduced to offset the immediate savings required.

Feedback from other survey responses

A further 247 responses to the 'universal survey' were received from the public. These were mainly from residents (86%) but also from staff members (6%) and from a community or voluntary group (4%)

The results from these respondents were similar to those from the 'random sample survey' with the following exceptions:

Respondents were **less** likely than the random sample respondents to agree...

- with ensuring the most vulnerable are least impacted by the budget reductions (69% v 87%)
- that universal services that have already faced substantial reductions should be protected (65% v 80%)
- that the council should reduce reliance in council led services by encouraging and supporting communities and individuals to deliver the activities (52% v 63%)
- with the proposal to save money by encouraging people to self-serve and contact the council via the web or telephone rather than face to face (36% v 59%)

and less likely to be aware of the need for the council to change the way it delivers services (74% v 83%)

but they were **more** likely than the random sample respondents to agree...

- with the approach to narrow the gap between the most and least well off (83% v 72%)
- to maintain the frequency of waste collection services and deliver savings by reducing the size of the green bin (59% v 51%)
- with protecting services for children in most need by reducing services in other areas like children's centres, youth, sport and play services (61% v 42%)
- and more likely to accept that budget reductions have to be made (86% v 76%)
- The respondents to the universal survey were also slightly more likely to agree with a 2% rise in council tax (56% v 51%)

Feedback from the Voluntary and Community Sector

The Voluntary and Community sector have commented, through the CVS, that their view is that proposed reductions will inevitably impact on the work of the sector in Bolton.

The CVS view is that this will be doubly difficult for the people they work with, many of whom are vulnerable and have turned to the sector in search of alternative support in the context of reductions in council services. As Council services diminish, the pressure on voluntary groups grows and yet the resources required to meet additional demand are not easily to be found. For example, other key funders of the voluntary and community sector, such as the National Lottery, are currently heavily over-subscribed for their larger programmes like Reaching Communities.

CVS have commented that it is heartening that the Council is not proposing to make disproportionate reductions in funding to the sector and welcomes the proposal to provide transitional funding so that the pace of reductions will not impact in the near future, to allow groups time to plan ahead and seek the best possible solutions to meet the needs of their service users.

Trade Union Feedback

The Trades Union's submitted a joint response to the Council's proposals, which is appended to this report. The key points from the TU submission are

- a position that the Council should set a one year budget only in order that the position may be reviewed following the outcome of the general election and Council reserves be used to address the funding gap
- concerns about the perceived allocation of £3m on private sector consultants and increased payments for senior managers
- a proposal that the detail of shared services with other authorities to be explored ahead of "outsourcing", in particular with regards the delivery of adults social care
- serious concerns about the establishment of a trading company for adult social care and operation of a two tier workforce, on the basis that this will undermine industrial relationships generally and specifically the Single Status Agreement
- a view that the EIA is insufficiently detailed and does not respond to the Council's duty to further equality as well as mitigate the potential for impact of changes on protected groups

The Council has produced a detailed response to the Trades' Unions which is appended.

In summary, the Council is grateful to the joint Trade Unions for the detailed response to the budget consultation. The Council is committed to working with the Trade Unions in dealing with a very difficult budget situation and reaffirms that mitigating the impact on the workforce is a key part of the Council's strategy for the 2015-17 budget. The Council believes that the approach that has been taken over the past four years and for the 2015-17 period in respect of the avoidance of compulsory redundancies, retention of terms and

conditions of employment and the continuation of the Council's policies on redeployment and pay protection etc place the Council among the best local authority employers in the region.

The Council understands and expects that many of the proposals for meeting the budget 2015-17 will be opposed in principle and practice by the Trade Unions given the impact of the budget reductions on Council Services and jobs and the extent of change that many of the options will bring to working arrangements. The Council acknowledges that the extent and amount of change experienced by the workforce has been significant and would want to pay tribute to the ongoing public service commitment that has shown by staff.

The Council is, however, disappointed by the overall tone and content of the Trade Union response as in a number of areas despite efforts to engage and explain the background to proposals and further information being provided this does not appear to have been taken on board and the Council feels misrepresented in a number of important areas. This is explained in more detail in the relevant sections of the response.

The Council would wish to make it clear that the report approved by the Cabinet in November does not seek to move the Council to becoming a commissioning council and the proposals are based upon retaining services in their current form where practical.

Analysis of consultation feedback

The consultation feedback highlights the risks of challenges of making the scale of reductions that are regrettably required in order for the Council to balance the budget. Within this context the feedback does not, however, identify any issues that would preclude the implementation of the proposed strategy or identify any viable alternatives to deliver the scale of savings required.

It is clear that further detail is required on each of the options, however and a period of more detailed consultation on each will be important to resolve the specific issues raised.

On this basis the recommendation is that Members note the issues and concerns raised through consultation but that the Council proceeds with the budget strategy proposed.

7. DELIVERY OF THE BUDGET

It will be a huge challenge to deliver budget reductions of the size and scale required within a two year period. Particular issues around the requirement for one off funding and delivery capacity are set out below.

One-off funding

Significant levels of one-off funding will be required to deliver this budget, with estimates of up to £40m up to 2017, given the following factors:

- Only a proportion of the £25m required for 2015/16 will be delivered in-year and probably not all of £43m by 1st April 2016/17 because:
- Consultation and plans for development of budget options will not be complete before summer 2015
- The process of budget reduction takes at least 6 months to deliver for every option; the creation of alternative service delivery models will take much longer than this, given the legal, financial and employment processes involved

It is therefore estimated that up to £20m one-off will be required to bridge the gap to “cash flow” the organisation until the budget reductions are in place.

Further funding of up to £7 m will also be required to give time for savings to be fully realised and/or mitigation before the full effect is seen. This will include, for example:

- £2m to purchase the 140l grey bins, to deliver the ongoing saving of £1 250 000
- £3-4m to support the transition to the full savings estimated for new models in adult social care and environmental services
- Transitional funding for the voluntary sector
- Redundancy, Pension and redeployment costs are likely to be significant as jobs are deleted and staffing reductions made. It is estimated that £5 - 10m one-off will be required for this purpose and there is a specific reserve at this level already in place. This reserve will also be required to support future budget rounds
- Significant investment in the various types of extra capacity that is required will be required. It is estimated that up to £3m over 2015-17 will be required; this is explained further below.

The Council has planned carefully knowing the 2015-18 budget period will be incredibly difficult and will require one-off funding. The position is as follows:

- Specific reserves exist to meet around 60-70% of the anticipated costs highlighted above, which were created as part of the 2013/14 budget outturn and 2014/15 budget process
- A further review of reserves is underway to identify whether the remainder of the funding can be found from existing reserves. In the 2017/19 budget this will present a challenge if major reductions continue as a significant proportion of the council's reserves will have been used to deliver the budget
- To support this an in-year “squeeze” is taking place in 2014/15 to generate an end of year underspend to help with the 2015-17 budget e.g. not filling vacancies and use of the Airport and Yorkshire Purchasing Organisation dividends

The Council has planned carefully for this budget round and earmarked funds and reviewed reserves to ensure the appropriate level of one-off resources are available. Concern exists that the Council's ability to generate one-off revenue will become increasingly difficult as budgets become tighter and with reserves being depleted.

Programme Delivery Resources

The programme of work involved in delivering this budget strategy is very significant. The challenge to deliver is further compounded by the fact that there are considerably fewer senior managers than in previous budget rounds to lead and make the change happen and the “day job” is also increasingly complex with a number of other strategic priorities also demanding leadership and capacity, including economic growth, health and social care integration, anti-poverty and community cohesion.

To manage organisational capacity it will be necessary to identify specific delivery arrangements. Proposals are set out below.

Corporate programme management

The Council has operated with a corporate programme office of 4FTE to oversee budget delivery for a number of years. 3FTE of this team are funded from base budgets but 1 post is only funded until the end of 2015. It is proposed that funding for this post is retained until 2017 and, further, that the team is supported through a number of additional staff, who will be seconded from their substantive roles as follows:

- 4 FTE finance posts

- 1.5 HR and change experts, to supplement departmental resources
- 1 FTE (2 part time posts) to lead on systems and data issues

This team will be organised corporately but deployed within departments to deliver individual service reviews.

It is estimated that the posts of around 5 FTE within the expanded team will require backfill over the two year period at an average of grade 7. With the addition of the fourth corporate programme manager the total one-off resources required for the corporate programme team is c£200 000

The programme office will report to the Cabinet formally and informally, under the leadership of the Cabinet Member resources and regeneration, within the corporate performance management portfolio.

Delivery of individual options

Delivery of individual savings options within the overall programme will require significant amounts of time from Chief Officers and senior managers, together with some additional capacity to both backfill other operational priorities and provide additional direct delivery resource. Capacity solutions over the two year period will be multi-faceted and will include:

- Around 3 fixed term appointments at cGrade 10 to manage the major reviews and a further c6FTE working across all other reviews. Where possible these roles will be filled by existing staff on secondment, with the appropriate backfill in departments. It may be necessary to undertake some fixed term recruitment for a period of 12 months, however. The estimated one-off cost of this capacity is c £250 - 350 000
- specialist advisors to be retained in respect of legal, finance, procurement, contract specification, commissioning and contract specification. Specific expertise will be required, in particular, to:
 - inform the development of detailed business cases and supporting plans for alternative delivery within adult's social care and environmental services
 - Secure specialist legal advice
 - Support the delivery of the cross cutting option in some detail, including process and technical advice and skills transfer to Council staff.

It is recommended that a one-off budget of c£250 000 is allocated specifically to progress this work.

- Additional capacity in the order of one off costs of £100 - 150 000 to be allowed for staff training and development, in areas including process review methodologies, project and programme management
- investment in IT systems to achieve the cross cutting digital objectives. Early business cases suggest that one-off investment of up to £250 - 500 000 may be necessary to achieve strategic objectives, over a 3 year payback period.

The total estimated requirements for one off delivery resources are c£900 – 1 300 000. The allocation of these resources and overall requirements will be kept under review.

Staff severance / VER applications

The Council has made available the opportunity for staff who wish to leave during this budget period to apply for severance / VER. The intention is to accept as many requests as possible, as savings or redeployment opportunities.

In total, nearly 800 applications have been received and are currently being analysed by Departmental Management Teams.

Decisions on applications will be given to individuals where possible by the end of March 2015, subject to and informed by approval of the final budget options set out in this report.

Community Empowerment Fund

The intention of the Community Empowerment Fund is to provide the opportunity for a small, fixed term investment to community partners in return for leveraging a greater level of capacity to improve the local area.

The fund is being piloted within areas related to the environment and youth services in the first instance, across the clean, green and safe priorities with the specific objectives of:

- reducing demand for Council services and/or
- making improvements to the environment
- Provision for Young People

The Council has received 13 applications into the fund to date, for investment worth c£500 000. The bids to date cover environment and young people's provision equally and give a good spread across the borough, with 3 applications covering the whole borough, and the rest focusing on areas including Smithills, Rumworth, Farnworth, Tonge Moor, Johnson Fold, Halliwell, Crompton, Great Lever and Bradshaw.

The bids are currently being analysed with a view to early decisions being reached from February.

8. EQUALITY IMPACT ASSESSMENT (EIA)

The strategic Equality Impact Assessment (EIA) remains unchanged as the recommendation is to proceed with the proposals on which this analysis was completed.

The strategic analysis of the potential impact of each option on groups with protected characteristics has been produced in as much detail as possible at this stage and will be further expanded when more information is available:

- Individual EIAs on each individual budget option will be produced, including the analysis of impact on citizens and staff by protected characteristic, as part of the approval of individual options over the next two years
- Information to show how the council is complying with the general equality duty, in relation to its workforce and its services is also published in January of each year in line with our specific public sector equality duties. This includes detailed analysis of the workforce.

The Council is aware that it also has a duty to have regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity, and to foster good relations between people who share a protected characteristic and those who do not. The Council has responded to this duty by identifying the strategic priorities that will be maintained despite diminishing resources and by reaffirming the strategic commitment to

the work of the Council which underpins the aims of the Bolton Community Strategy, including:

- To maximise economic prosperity in Bolton ensuring economic growth, development, regeneration and job creation. The Council has also invested in a Borough anti-poverty strategy, to help manage the impact of the economic climate on our most financially vulnerable citizens
- Narrowing the Gap in respect of key outcomes in health inequalities, children and young people, crime and disorder, the environment, housing etc
- Ensuring that the most vulnerable are impacted least by budget reductions and the associated implications, as far as possible
- At a Greater Manchester level contributing to economic growth at a City Region level to create growth and employment
- Being at the forefront of Public Service Reform within Greater Manchester, which seeks to ensure public services work effectively together to reduce demand and dependency on public services by developing models of early intervention and tackling complex dependency. This work includes the integration of health and social care and making linkages between economic growth and residents who are workless.

9. RECOMMENDATION

Based upon the assumptions set out in this report, the Borough Treasurer considers that the Council's Budget is robust.

It is recommended that Council approve:-

- Strategic budget reduction options for 2015-17
- One-off revenue allocations
- The Budget for 2015/16
- The Council Tax for 2015/16

APPENDICES

Appendix A	Medium Term Financial Strategy
Appendix B	Summary of Proposed Savings Options
Appendix C	Review of Reserves
Appendix D	General Fund Balances/Financial Risks
Appendix E	General Fund Summary
Appendix F	Subjective Analysis
Appendix G	Financial Arrangements Account
Appendix H	Collection Fund
Appendix I	Council Tax (Non Parish Council Areas)
Appendix J	Draft Substantive Council Tax Resolution
Appendix K	Report on feedback from public consultation report
Appendix L	Business Rates Local Transitional Relief Discounts
Appendix M	Trades' Union feedback and Council response

MEDIUM TERM FINANCIAL STRATEGY 2015-2017

	Forecast 2015/16 £000s	Forecast 2016/17 £000s	Forecast 2017/18 £000s
Previous Year's Net Budget	477,458	465,099	455,972
Public Health Transfer	-116	-	-
Increases:-			
Schools DSG	2,555	-	-
Non School Services			
Inflation	4,249	4,053	4,184
WDA / PTA	1,525	1,525	1,525
Pensions	804	817	834
Adults' & Children's Growth	1,000	1,000	1,000
National Insurance Change	-	1,808	-
Loss of Local Welfare Fund Grant	1,214	-	-
Savings Required	-23,590	-18,330	-19,653
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Budget Requirement	465,099	455,972	443,862
Resources			
Direct Schools Grant	229,036	229,036	229,036
Public Health Funding	18,790	18,790	18,790
Education Services Grant (ESG)	4,250	4,000	4,000
New Homes Bonus	4,036	4,700	4,700
Use of Reserves	2,000	2,000	-
Retained Local Business Rates	43,541	44,401	45,199
Business Rates Top-Up	19,172	19,555	19,947
Council Tax Freeze Grant 2015/16	1,071	1,071	1,071
Council Tax Contribution *	89,984	91,783	93,619
Revenue Support Grant	53,219	40,636	27,500
	-----	-----	-----
Total Resources	465,099	455,972	443,862
Council Tax Increase (indicative*)	0%	2%*	2%*

Summary of Proposed Savings Options

Department	Savings Target £000	Options	Identified potential budget savings £000
Corporate	15,900 - 17,900	<ul style="list-style-type: none"> • Corporate Finance options: <li style="padding-left: 20px;">Better Care Fund <li style="padding-left: 20px;">Public Health <li style="padding-left: 20px;">Waste Disposal Authority <li style="padding-left: 20px;">Transport <li style="padding-left: 20px;">Council Tax base (Included in Budget) <li style="padding-left: 20px;">Business Rates (Included in Budget) <li style="padding-left: 20px;">Accommodation <li style="padding-left: 20px;">Governance <li style="padding-left: 20px;">Council Tax benefits <li style="padding-left: 20px;">Local Welfare Scheme <li style="padding-left: 20px;">Efficiency/Procurement <p>Total options identified</p>	<p>3,100 – 5,100</p> <p>3,000</p> <p>1,500</p> <p>2,100</p> <p>1,300</p> <p>500</p> <p>1,200</p> <p>200</p> <p>2,250</p> <p>250</p> <p>500</p> <p>15,900-17,900</p>
Adult Social Care	6,250 – 7,750	<ul style="list-style-type: none"> • Review of commissioned activity within former Supporting People grant 	1,000
		<ul style="list-style-type: none"> • Review of care delivery 	1,500
		<ul style="list-style-type: none"> • Review of Extra Care Service 	1,000
		<ul style="list-style-type: none"> • General efficiencies and small scale cuts 	250
		<ul style="list-style-type: none"> • ASDM for adults social care 	2,500 – 4,000
		<p>Total options identified</p>	6,250 – 7,750
Children's Services	2,500 – 3,500	<ul style="list-style-type: none"> • Review of children's centres 	1,000 – 1,500
		<ul style="list-style-type: none"> • Review of youth, sport and play services 	500 – 1,000
		<ul style="list-style-type: none"> • General Efficiencies (inc. vol. sector) 	1,000
		<p>Total options identified</p>	2,500 – 3,500
Development & Regeneration-	2,250 – 2,500	<ul style="list-style-type: none"> • Review of housing services 	500
		<ul style="list-style-type: none"> • Income and efficiencies within planning, contracts, skills and building control 	300
		<ul style="list-style-type: none"> • Review of funding and subsidies 	300

Department	Savings Target £000	Options	Identified potential budget savings £000
		<ul style="list-style-type: none"> Review of housing strategy , economic development and strategic development services 	700
		<ul style="list-style-type: none"> Removal of events budget 	200
		<ul style="list-style-type: none"> Review of Library and Museum Service 	300 – 500
		Total options identified	2,300 – 2,500
Environment	5,300 – 6,300	<ul style="list-style-type: none"> Reduction in Highways insurance budget 	800
		<ul style="list-style-type: none"> Review of waste collection service 	1,250
		<ul style="list-style-type: none"> Review of subsidies within Community Services 	1,000
		<ul style="list-style-type: none"> Review of area working and neighbourhood management 	250
		<ul style="list-style-type: none"> Joint service provision with another authority 	2,000 – 3,000
		Total options identified	5,300 – 6,300
Chief Executive's	2,250	<ul style="list-style-type: none"> Review of corporate support services 	2,000
		<ul style="list-style-type: none"> Review of voluntary sector grants 	250
		Total options identified	2,250
Cross-cutting -	4,000 – 5,000	Corporate support service	4,000 – 5,000
Total	38,500 – 45,200	Total options identified	38,500 – 45,200

COUNCIL RESERVES

The report includes a section on Reserves which explains how any potential use of them needs to be considered. An analysis of the revenue reserves expected to be held by services are shown below. A more detailed analysis can be found in the Third quarter monitoring Reports.

<u>Analysis of Reserves</u>	£m
Reserves we are legally required to maintain (Balances, Schools, Insurance)	46
Reserves with an existing commitment (Capital, Waste, Property, budget balancing)	60
Reserves to cover key areas of known future spend (ICT replacements, redundancy/redeployment)	51
Reserve to cover key areas of risk	17
Service general contingencies to meet overspend/one-off demands	1

	175

Revenue Impact of not holding key Reserves

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

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

	6.0

Report to: The Cabinet

Date: 16th February 2015

Report of: Borough Treasurer

Report No:

Contact Officer: Sue Johnson

Tele No: Ext 1502

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

Non -Confidential:

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

Purpose:

To outline the Borough Treasurer's advice on the Financial Risks facing the Council and the appropriate level of Balances to be maintained

Recommendations:

That the minimum level of Balances for 2015/16 should be £10.0m or higher if possible.

1. INTRODUCTION

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

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

2. NEED FOR GENERAL BALANCES

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

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

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

3. MINIMUM LEVEL OF RESERVES

The Audit Commission recommends that Authorities should maintain Balances equivalent to 3% of their Budget, for 2015/16 this would amount to approximately £15m. However, whilst this is recommended guidance, the decision on the appropriate level of Balances is one for the Council, with advice from its Borough Treasurer, to determine. There are several factors/financial risks that need to be taken into account in considering what is a prudent level of Balances:

i) Revenue Contingencies

The Council does not maintain a general contingency within its revenue budget but relies on in year savings and Balances to meet any unexpected demands. For example, a pay increase of 0.5% more than that allowed for in the Budget would cost £650,000, excluding Teachers. A price variation of 0.5% would cost £1.25m.

ii) Interest

In recent years the Council has been successful in managing the interest that it pays out/receives and savings in this area have generally added to Balances. However, fluctuations in interest rates cannot be totally forecast and given the Council's overall debt of approximately £83m an unexpected increase in interest rates would increase the Council's costs.

iii) Capital

The Council now has a capital programme in the order of £66m per annum. Within the capital programme there are no contingencies and whilst the programme is actively monitored and managed, there is the potential for a demand on Balances from any capital overspend. In addition because of the economic climate there may be difficulties in generating the level of Capital Receipts assumed in the capital programme. For 2015/16 this has been included at £2m.

iv) Economic Climate

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

v) Council Tax Support Scheme

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

vi) Local Business Rates

From 1st April 2013 Business Rates were changed from a National to a Local scheme. This means that the Council faces 49% of the risk of non-collection due to businesses failure to pay or going into Administration. In the current economic climate this risk is significant. The Business Rates assumptions provide a £0.5m provision against such losses and the Government provides an overall safety net. However, this safety net is based upon losses amounting to 7.5% of the total Business Rates threshold. Overall therefore the Council faces having to meet any losses between £0.5m and £8.5m from General Balances.

vii) Un-predictable Demand Led Expenditure

Major parts of the Council's Budget, particularly in Social Care Services and Education are "demand led" and as we have seen in previous years, can create significant demands for increased expenditure during the year. Services maintain modest Reserves of their own, currently £1.0m to meet minor Budget variations.

viii) Emergencies

The Council is required to maintain provision to meet the cost of emergencies that cannot be met from main Budgets or by Insurance. Significant costs on emergencies are met by Central Government under the "Bellwin Scheme" but these are only triggered once the Council's expenditure has exceeded a pre-determined limit (0.1% of the revenue budget which is currently £446,350). Costs above this limit are covered by Central Government but only up to 85%.

ix) Unexpected Demands

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

x) Service Deficits

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

xi) General Risks

It is also important to weigh up the general risks facing the Council and evaluate what any potential financial impact may result from these risks. The Borough Treasurer and the Head of Internal Audit and Risk have undertaken a review of these risks. The areas with a potentially significant financial impact are as follows:

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

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

4. REVIEW OF 2015/16 RESERVES POSITION

The last quarterly report estimated available Balances at 31st March 2015 at £10.7m. The review of the last 12 months does not suggest that there are any additional factors to take into account in 2015/16, other than those referred to in this note, although it is difficult to predict whether the economic climate will add further to the demands on the Council's services or reduce the income we receive. On this basis I am recommending that the current minimum level of Balances remain at £10.0m in 2015/16.

5. BOROUGH TREASURER ADVICE ON THE MINIMUM LEVEL OF BALANCES

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Borough Treasurer) to report to the Council when it is setting its Budget/Council Tax on the "robustness of the estimates" and the "adequacy of the reserves".

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

At this point in time, bearing in mind the above and the size of the Council's Budget at approximately £700m, I would recommend that a minimum level of Balances for the Council to maintain would be £10m (but if possible should be at a higher level).

Use of Balances

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

6. SUMMARY

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

GENERAL FUND SUMMARY

	2014/15 Original Estimate £000	2015/16 Original Estimate £000
Service Controllable Budgets		
Children's Services	274,934	278,371
Adults	65,560	68,285
Public Health	18,906	18,790
Environment	24,777	25,621
Development and Regeneration	6,572	10,742
Housing	2,057	2,186
Central etc.	29,696	27,875
Financing & Investing	11,390	11,584
Levies	43,067	43,364
Miscellaneous	499	1,871
Savings	0	-23,590
Net Expenditure	477,458	465,099
Parishes	364	370
Sub Total	477,822	465,469
Income		
Direct Grants to Schools	226,481	229,036
Public Health Funding	18,906	18,790
Education Services Grant (ESG)	5,456	4,250
New Homes Bonus	3,371	4,036
Use of Reserves	2,000	2,000
Retained Local Business Rates	41,888	43,541
Collection Fund Surplus	400	400
Council Tax	88,662	89,954
Council Tax "Freeze" Grant 2015/16	0	1,071
RSG	73,420	53,219
Business Rates Top-Up	18,813	19,172
Total	479,397	465,469

SUBJECTIVE ANALYSIS

	2014/15 Original Estimate £000	2015/16 Original Estimate £000
Expenditure		
Employees	293,366	297,676
Premises	40,957	36,631
Transport	18,710	19,113
Supplies & Services	74,179	77,057
Agency	91,861	98,277
Transfer Payments	149,227	147,598
Capital Finance	30,759	17,113
Expenditure Gross	699,059	693,465
Income		
Grants and Contributions	150,895	127,037
Customer & Client Receipts	61,155	68,575
Rents	6,434	6,576
Interest, Dividends and Distributions	3,117	2,588
Income Gross	221,601	204,776
Savings	0	-23,590
Net Expenditure *	477,458	465,099
* Before Direct Grants to Schools of	226,481	229,036

THE FINANCIAL ARRANGEMENTS ACCOUNT

	2014/15 Original £000s	2015/16 Original £000s	Comment
Corporate Financing Cost	13,315	13,315	
Transferred Debt	1,507	1,507	
Interest and Contributions	-962	-768	
Airport Dividend	-1,000	-1,000	
Airport Rents	-414	-414	
Airport Loan Interest	-1,076	-1,076	
Debt Management	20	20	
Total Financing & Investing	11,390	11,584	
Waste Disposal Levy	21,258	21,783	
Land Drainage Levy	130	129	
Transport Levy	21,679	21,452	
Total Levies	43,067	43,364	
Former Employee Pensions	849	852	
Car Parks	-350	-350	
Miscellaneous Expenses	0	1,369	
Use of Budget Balancing Reserve	-2,000	-2,000	£8m set aside in February 2013
Education Services Grant	-5,456	-4,250	
New Homes Bonus	-3,371	-4,036	Includes 5 th year of funding
Total Miscellaneous	-10,328	-8,415	
Total	44,129	46,533	

COLLECTION FUND (COUNCIL TAX)

	2014/15 Original £000	2014/15 Revised £000	2015/16 Budget £000
Expenditure			
Bolton	89,062	89,062	89,984
Police	10,566	10,566	10,737
Fire and Civil Defence	3,998	3,998	4,062
Total Expenditure	103,626	103,626	104,743
Income			
Council Tax	103,161	103,626	104,317
Surplus/(Deficit) for year	(465)	0	(466)
Balance Brought Forward	465	466	466
Balance Carried Forward	0	466	0

COLLECTION FUND (BUSINESS RATES)

	2014/15 Original £000	2014/15 Revised £000	2015/16 Budget £000
Expenditure			
Bolton	39,211	38,423	40,386
Central Government	39,595	38,798	41,210
Fire and Civil Defence	792	776	824
Total Expenditure	79,598	77,997	82,420
Income			
Business Rates	87,154	84,242	87,343
Surplus/(Deficit) for year	7,556	6,245	4,923
Balance Brought Forward	(7,556)	(11,168)	(4,923)
Balance Carried Forward	0	(4,923)	0

COUNCIL TAX (NON PARISH COUNCIL AREAS)

Band	Properties	2014/15	2015/16	Increase
A	42.0%	£990.99	£990.99	Nil
B	19.1%	£1,156.17	£1,156.17	Nil
C	17.8%	£1,321.33	£1,321.33	Nil
D	10.8%	£1,486.50	£1,486.50	Nil
E	5.7%	£1,816.82	£1,816.82	Nil
F	2.4%	£2,147.16	£2,147.16	Nil
G	2.0%	£2,477.49	£2,477.49	Nil
H	0.2%	£2,973.00	£2,973.00	Nil

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

DRAFT SUBSTANTIVE COUNCIL TAX RESOLUTION

- (i) That the following recommendations of the Cabinet on 16th February 2015 be approved:-
- (a) The Council be recommended to approve the Budget for 2015/16 and the outline Budget for 2016/17.
- (b) That the Council Tax be frozen for 2015/16 with the balance of £0.7m funding to achieve this in addition to the freeze grant to be taken from the one-off revenue funding.
- (c) To provide £2m of one-off revenue funding to support the Octagon Theatre's ambitious plans for redevelopment which will help lever in potential funds from the Arts Council and other funding sources. The Council's contribution would be particular to support access to the octagon for young people and people with disabilities.
- (d) That £1.3 of one-off revenue-funding is made available for use over 2015/16 and 2016/17 to improve the environment of the Borough (This will be used in conjunction with the £0.2m additional Capital to create a £1.5m fund). The focus of the fund will include the one-off clean-up of neighbourhoods and streets, measures to tackle fly tipping and to enhance the council's enforcement activities across the Borough.
- (e) That the Cabinet recommends to the Council the following in respect of the £10m unallocated Capital Programme Resources for 2015/16 and £3m unallocated Capital Resources in 2016/17:
- £0.2m of capital funding to complement the revenue funding provided to improve the environment of the Borough.
 - £5m investment in highway schemes including residential roads and pavements at £2.5m in 2015/16 and £2.5m in 2016/17.
 - £4m contribution to a new Horwich Leisure Centre in conjunction with other funding partners
 - £1m for other Leisure and youth provision capital investment to enhance sporting and social activities for young people and adults.
 - £1m investment to increase the provision of aids and adaptations in people's homes to improve their quality of live and enable them to live independently longer at £0.5m in 2015/16 and £0.5m in 2016/17
 - An additional £1m for investment in Housing and Housing Improvements
 - £0.5m to improve road safety in the vicinity of the borough's schools including the implementation of 20mph zones and/or other road safety schemes
 - £0.3m to support capital programmes for the voluntary and community sector including via capital projects within the Community Empowerment Fund
- (f) The Council be recommended to approve the Capital Programme for 2015/16 to 2017/18
- (g) The Council be recommended to approve the Investment and Prudential Indicators and Treasury Strategies 2015/16 to 2017/18

- (ii) It be noted that on 10th November 2014 the Cabinet calculated
- (a) the Council Tax Base 2015/16 for the whole Council area as 70,176 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”); and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as:

Parish Councils

The Parish of Blackrod	1,809	Band D equivalent
The Parish of Horwich	7,089	Band D equivalent
The Parish of Westhoughton	8,198	Band D Equivalent

being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year 2015/16 for dwellings in those parts of its area to which one or more special items relate.

- (iii) Calculate that the Council Tax requirement for the Council’s own purposes for 2015/16 (excluding Parish precepts) is £89,583,875.
- (iv) That the following amounts be calculated for the year 2015/16 in accordance with Sections 31 to 36 of the Act.
 - (a) £204,885,766 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £114,931,447 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £89,954,319 being the amount by which the aggregate at (iv)(a) above exceeds the aggregate at (iv)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £1,281.84 being the amount at (iv)(c) above (Item R), all divided by Item T ((ii)(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) £370,444 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act, each individual parish precept being:-

Blackrod	£ 53,858
Horwich	£185,836
Westhoughton	£130,750
 - (f) £1,276.56 being the amount at (iv)(d) above less the result given by dividing the amount at (iv)(e) above by Item T (ii)(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the

basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g) <u>Part of the Council's Area</u>	Parish of Blackrod	£1,306.33
	Parish of Horwich	£1,302.77
	Parish of Westhoughton	£1,292.51

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

(i) Part of the Council's Area

<u>Valuation bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
A	£870.89	£868.51	£861.67	£851.04
B	£1,016.03	£1,013.27	£1,005.29	£992.88
C	£1,161.18	£1,158.02	£1,148.90	£1,134.72
D	£1,306.33	£1,302.77	£1,292.51	£1,276.56
E	£1,596.63	£1,592.27	£1,579.73	£1,560.24
F	£1,886.92	£1,881.78	£1,866.96	£1,843.92
G	£2,177.22	£2,171.28	£2,154.18	£2,127.60
H	£2,612.66	£2,605.54	£2,585.02	£2,553.12

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

- (v) That it be noted that for the year 2015/16 the Greater Manchester Fire and Civil Defence Authority and the Greater Manchester Police Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Authority

<u>Valuation Bands</u>	<u>Greater Manchester Fire & Civil Defence Authority</u>	<u>Greater Manchester Police Authority</u>
A	£38.42	£101.53
B	£44.83	£118.46
C	£51.23	£135.38
D	£57.64	£152.30
E	£70.44	£186.14
F	£83.25	£219.99
G	£96.06	£253.83
H	£115.28	£304.60

(vi) That, having calculated the aggregate in each case of the amounts at (iv)(f)(i) and (v), the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2015/16 for each of the categories of dwellings shown below:-

(i) Part of the Council's Area

<u>Valuation bands</u>	<u>Parish of Blackrod</u>	<u>Parish of Horwich</u>	<u>Parish of Westhoughton</u>	<u>All other parts of the Council's area</u>
A	£1,010.84	£1,008.46	£1,001.62	£990.99
B	£1,179.32	£1,176.56	£1,168.58	£1,156.17
C	£1,347.79	£1,344.63	£1,335.51	£1,321.33
D	£1,516.27	£1,512.71	£1,502.45	£1,486.50
E	£1,853.21	£1,848.85	£1,836.31	£1,816.82
F	£2,190.16	£2,185.02	£2,170.20	£2,147.16
G	£2,527.11	£2,521.17	£2,504.07	£2,477.49
H	£3,032.54	£3,025.42	£3,004.90	£2,973.00

(vii) That the Council's basic amount of Council Tax for 2015/16 is frozen and is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

(viii) That the Borough Treasurer be delegated authority to collect revenues and disburse monies from the relevant accounts.

(ix) That it be noted that the Government have set a National Non-Domestic Rate of 48.0p in the pound for small businesses and 49.3p in the pound for larger businesses for the financial year 2015/16.

(x) That the Council's current policy in respect of discretionary relief for charitable organisations, as approved by the Cabinet on the 16th February 2015, be reaffirmed and that the Borough Treasurer be delegated authority to determine applications for such relief.

(xi) That War Disablement Pensions and War Widows' Pensions be disregarded for the purposes of the Council Tax Support Scheme.

(xii) That Council approves the following definition for the 'minimum occupancy period' for Council Tax Discount Class C properties, to apply from 1 April 2015:
 "For the purposes of Discount Class C, in considering whether a dwelling has been vacant for any period, any one period, not exceeding six weeks, during which it was not vacant shall be disregarded".

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

Corporate and External Issues

18th February 2015

Strategic budget consultation: Public feedback

The consultation sought to ascertain the views of interested parties on the financial challenges faced by the council over the next few years. A **sample survey** was posted to a random sample of 10,000 households in the borough. The same survey was also made available on-line (with a printed version on request) to allow everyone to have their say (**universal survey**).

A total of **919** responses were received from the sample survey and **247** from the universal survey.

Summary (sample survey)

Most respondents agreed with the council's **approach** to making the necessary savings:

90% agreed with maximising economic prosperity in Bolton and 87% agreed with ensuring the most vulnerable are impacted least by the budget reductions. Fewer residents agreed that it was important to narrow the gap between the most and least well off (72%) and to minimise the impact on staff and avoid compulsory redundancies (67%).

The majority of respondents also agreed with the set of **principles** proposed by the council; 93% agreed with maximising proposals that improve efficiency and make savings from management and administration before front line staff, three-quarters (76%) agreed that targeting should take place to protect services to individuals and areas in greatest need and deprivation and two-thirds (66%) agreed that lower levels of savings should be found from children's and adult's social care.

When asked how strongly they agreed or disagreed with more specific **proposals**, there was a slightly more mixed response from respondents; just under three-quarters (64%) agreed with examining alternative ways to deliver services e.g. not-for-profit organisations or working with neighbouring authorities, 63% agreed with reducing reliance on council-led services by encouraging and supporting individuals to deliver the activities and 51% agreed with maintaining the frequency of waste collection services by reducing the size of the grey bin.

Respondents were informed that the proposals put forward assumed a 2% increase in **council tax** and asked to state how strongly they agreed or disagreed with this. Just over half of respondents (51%) agreed with the proposal to increase council tax by 2%.

Over four-fifths (83%) said they were aware of the need for the council to change the way it delivers services and over three-quarters (76%) accepted that budget reductions had to be made but only four out of ten felt the council was doing its best under difficult circumstances.

Respondents were asked to state how the proposals would **impact** on them or their families. Four out of ten said that the proposals would have 'no' (or minimal) impact on them. A third said there could be financial implications due to the increase in council tax or job losses and around a fifth commented on the proposed changes to the bin services.

Respondents were asked to suggest **alternative solutions**; these included cuts to staff / management, other efficiencies such as dimming street lights, increasing revenue / releasing capital, and cutting the costs of councillors and the mayor.

Detail

1.0 Methodology

The consultation sought to ascertain the views of interested parties on the financial challenges faced by the council over the next few years.

A **sample survey** was posted to a random sample of 10,000 households in the borough. Those selected were sent a copy of the questionnaire, covering letter and supporting information together with a pre-paid envelope for return to us.

As only these 10,000 households had the opportunity to respond, the same questionnaire was made available on-line, with a printed version on request to allow everyone to comment on the proposals. This survey is termed the **universal survey**.

The consultation was publicised via the press and on the council's website. It was also sent to eView, the council's electronic survey panel.

2.0 Analysis information

This section gives results for the **sample survey**, which can be generalised to the population of the borough.

The **247** responses to the universal survey are included at the end, as the differing methodology means that the two surveys cannot be combined.

Percentages may not total 100 due to rounding or where multiple responses were allowed.

Open-ended questions were included in the survey to give respondents the opportunity to explain the impact of the proposals on themselves and their family and to suggest alternative solutions. Those comments have been categorised into a number of themes.

3.0 Results

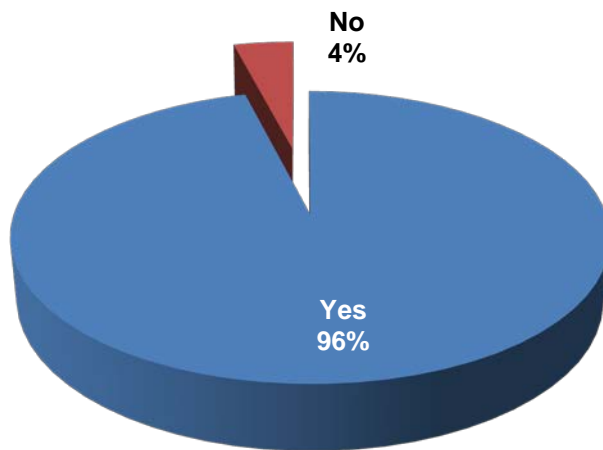
919 responses were received to the sample survey. This gives us a confidence interval of +/-3% (meaning that we can be 95% certain that the true results (had everyone in the borough completed a survey) would be + or - 3% of the survey results i.e. had 50% of respondents said 'yes' the real answer would be between 47% and 53%.

4.0 Respondent profile

Respondents were asked to indicate in what capacity they were completing the questionnaire, 98% were responding as residents. The ethnic makeup of respondents was 88% White British, 7% Asian or Asian British, with the remainder from other ethnic groups. Sixty-seven per cent had no caring responsibilities and 68% said their day-to-day activities were not limited due to long term illness or disability.

5.0 Responses

Q1: Based on the information provided, do you understand what proposals are being put forward?



Base: 803 respondents

5.1 The council's approach

Whilst achieving the necessary savings is very difficult, the council continues to have a clear strategy for the delivery of its budget, as detailed below.

Q2: Please state how strongly you agree or disagree with each statement

	Agree	Neutral	Disagree	Base
Maximise economic prosperity in Bolton ensuring economic growth, development and regeneration and job creation	90%	7%	3%	893
Ensure the most vulnerable are impacted least by the budget reductions as far as possible	87%	8%	5%	901
Narrow the gap between the most and least well off (health inequalities, crime & disorder, housing etc...)	72%	17%	11%	892
While putting the needs of local people and council tax payers first, seek to minimise the impact on staff and avoid compulsory redundancies where possible	67%	16%	16%	892

5.2 Principles

In line with the approach of the council, the allocation of overall savings targets has been undertaken using a set of principles, as detailed below.

Q3: Please state how strongly you agree or disagree with each statement

	Agree	Neutral	Disagree	Base
Maximise proposals that improve efficiency and make savings from management and administration where possible before front line services	93%	5%	2%	890
Universal services that have faced substantial reductions (e.g. street cleaning and grass cutting) to be protected from further reductions if possible	80%	12%	8%	896
Targeting should take place to protect services to individuals and areas in greatest need and deprivation	76%	14%	10%	899
Lower levels of savings to be found from children's and adult's social care services	66%	17%	17%	894

5.3 Proposals

In order to protect the most vulnerable children and adults, and to avoid deeper cuts to directly delivered services, the council has had to make some very difficult decisions. The proposals that have been put forward are detailed below.

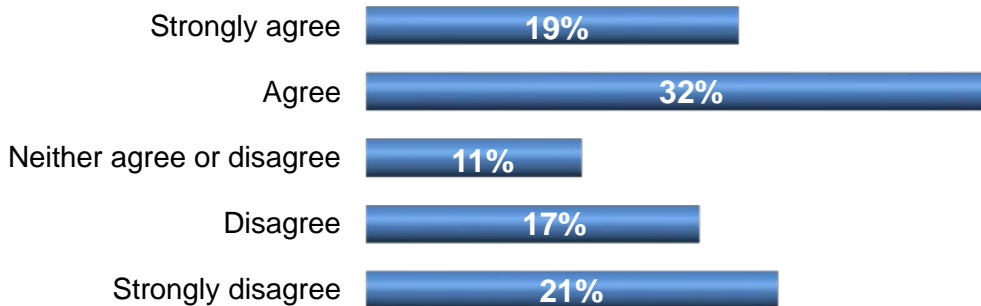
Q4: Please state how strongly you agree or disagree with each statement

	Agree	Neutral	Disagree	Base
Deliver savings by examining alternative ways to deliver services such as adult social care and environmental services e.g. arms-length companies, not-for-profit organisations, trusts, working with neighbouring authorities	64%	20%	16%	895
Reduce reliance on council led services by encouraging and supporting communities and individuals to deliver the activities	63%	21%	16%	890
Save money by encouraging people to self-serve and contact the council via the web or by telephone rather than face to face	59%	13%	28%	900
Maintain the frequency of waste collection services and deliver savings by reducing the size of the grey (residual waste) bin	51%	14%	35%	901
Make savings by reducing subsidies for leisure activities and the removal of some free activities	48%	17%	35%	890
Protect services for children in most need by reducing services in other areas such as children's centres, youth, sport & play services	42%	19%	39%	891

5.4 Council Tax

The proposals put forward assume a 2% increase in council tax which generates £1.6 million. If council tax isn't increased by 2%, further cuts in services would be needed to make up the shortfall.

Q5 Please state how strongly you agree or disagree that the council should raise council tax by 2% to achieve the savings and avoid even more cuts to services



Base: 907 respondents

Just over half (51%) agree with the proposal to increase council tax, whilst 38% disagree. With a confidence intervals of +/- 3%, this means that had we asked everybody in the borough, between 48% and 54% would agree with the proposal.

5.5 Managing change

The council is going through a period of unprecedented change. As described above, in making decisions about what to change, the council's priority is to maintain support for vulnerable children and adults.

Q6: With this in mind, please state how strongly you agree or disagree with the following statements.

	Agree	Neutral	Disagree	Base
I am aware of the need for the council to change the way it delivers its services	83%	10%	6%	899
I accept that budget reductions have to be made	76%	12%	13%	902
I believe the council is doing its best under difficult circumstances	42%	31%	27%	900

5.6 Impacts of the proposals

Q7 Please describe what you think the impact of the proposals will be on you and your family?

Comments made by 583 respondents have been grouped into categories, which are shown in the following table.

Q7 – comments	Number of respondents
Minimal / No impact	231
Financial implications (extra council tax, lose job)	190
Changes to bins / extra waste	113
Concerns about caring for the elderly / vulnerable	86
Cuts to leisure facilities	57
Reduction of other services	50

Deterioration of borough / town centres	49
Deterioration of roads / pavements	32
Those who choose not to work will get more	16
Contact by web / email	16
Need more detail about proposals before can respond	14
Cuts to grass cutting	11
Cuts to library hours / opening days	9
Lighting	5

Four out of ten respondents stated that there would be **no or minimal impact** on them or their family, however some of these went on to describe the perceived impact on others. Around a third said there would be **financial implications** due to the rise in council tax, job loses etc.

There were 113 comments related to the proposed changes to the **bin service**, particularly comments around how large families would cope with a smaller bin and a perceived increase in fly-tipping.

Fifteen per cent of respondents mentioned care for the **elderly or other vulnerable** members of the community, raising concerns about the future of these services.

57 respondents said the proposals to reduce subsidies for **leisure activities** would impact on them or their community (including those who felt that anti-social-behaviour would increase as young people would have less to do) and a further 50 respondents mentioned reductions in other services that might impact on them.

The **deterioration of the borough** (especially town centres) was a concern raised by 49 people and a further 32 people mentioned deterioration of roads and pavements.

Other comments related to lighting, subsidies / benefits for people who choose not work, concerns about contact by web and email, cuts to services such as grass cutting and libraries and a number of people who felt they needed more information before being able to respond.

5.7 Alternative solutions

Q8 Can you think of any other ways Bolton Council can make the savings whilst still delivering statutory services?

Comments made by 560 respondents have been grouped into categories, which are shown in the following table:

Q8 - Category	Number of respondents
Cut staff costs / management / increase staff efficiencies	183
Other efficiencies (empty bins less, turn lights off etc...)	125
Increase revenue / release capital	117
Cut costs of councillors, mayor, MPs	93
Get unemployed / volunteers / criminals to contribute more	60
Spend on preventative / proactive services (highways, education, self-help)	55
Work with other councils / agencies / private & voluntary sector	49
Cancel / don't implement projects	43
Restrict or cut services / benefits	42
Comments about race / religion (mosques, translation, asylum seekers)	38
Cut communication costs (letters, publications, Scene)	31
Change / challenge central government	25
Comments about town hall	19

Managers / councillors should listen to public / staff	17
Reduce non-profit making outgoings / events / grants	13
General negative comments	11
Need more detail about proposals before can respond	9

Respondents suggested that **staff and management costs** could be reduced by cutting numbers, salaries, overtime and bonus payments, pensions and other 'perks'.

Other efficiencies included emptying recycling bins less frequently, retaining current grey bin but emptying every 3 or 4 weeks, turning street lights down or off within certain hours, solar panels in council buildings etc.

Respondents suggested that the council '**Increase revenue / realise capital**' by imposing fines for littering / dog-fouling, persuing unpaid council tax, charging for library loans and transport and releasing capital by selling redundant buildings etc.

'**Councillor / mayoral costs**' could be cut by having fewer councillors, cutting allowances and expenses, getting rid of the mayoral car and holding fewer civic events.

It was suggested that **unemployed / volunteers / criminals** could do more for the community by picking litter, cleaning streets etc.

Some respondents felt that it was necessary to '**Spend on preventative / proactive services etc.**' e.g. doing road repairs properly to save money in the long run, educating people to recycle properly, self-help e.g. use the internet rather than seeing someone face-to-face and protect youth services to avoid higher crime rates etc.

Money could also be saved by '**Working with other Councils / agencies / private and voluntary sector**', which included having joint teams across a number of local councils, combining departments and working with the voluntary sector to deliver services.

'**Cancel / don't implement projects**' refers to projects such as the bus station/train station development, town hall / Albert hall developments, resurfacing of pavements in town centre (19 of the 43 specifically mentioned the town hall).

It was also suggested that we '**Restrict services and benefits**' especially to those who choose not to contribute.

Other comments related to reducing translated documents, cuts to printed-communication such as letters, publications and Bolton Scene, that the council should challenge central government, comments relating to the town hall development, requests that managers / councillors should listen to the public and to staff, that non-profit making outgoings should be reduced and a small number of people who felt they needed more details about the proposals before they could respond.

Report to: The Cabinet

Date: 16th February 2015

Report of: Borough Treasurer

Report No:

Contact Officer: Sue Johnson

Tele No: Ext 1502

Report Title: **Business Rates Local Transitional Relief Discounts**

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

Purpose: To consider and approve amendments to the Non Domestic Rates : Discretionary Rate Relief Framework in accordance with the amended powers available to the Council under Section 47 of the Local Government Finance Act 1988.

Recommendations: Cabinet is requested to note and approve and approve the amendments to the discretionary rate relief framework as set out in this report. In particular, to note and approve the inclusion of a local scheme to grant relief on a case by case basis, under Section 47, based on the Government's 2014 Autumn Statement in relation to the extension of the national transitional relief scheme that billing authorities are being asked to introduce locally.

1. PURPOSE OF REPORT

To consider and approve amendments to the Non Domestic Rates : Discretionary Rate Relief Framework in accordance with the amended powers available to the Council under Section 47 of the Local Government Finance Act 1988.

2. RECOMMENDATIONS

Cabinet is requested to note and approve the amendments to the discretionary rate relief framework as set out below. In particular, to note and approve the inclusion of a local scheme to grant relief on a case by case basis, under Section 47, based on the Government's 2014 Autumn Statement in relation to the extension of the national transitional relief scheme that billing authorities are being asked to introduce locally.

3. CONSULTATION UNDERTAKEN

3.1.1 The Government announced in the 2014 Autumn Statement a range of business rates measures including their intention to extend in effect the existing transitional relief scheme for two years for properties with a rateable value up to and including £50,000. As a result of this measure, small properties (with a rateable value of less than £18,000) that would otherwise face bill increases above 15% and medium sized properties (with a rateable value of £50,000 or less) that would otherwise face bill increases above 25% will benefit.

3.1.2 Draft guidance for the relief was published by Government in January 2015.

3.2 Introduction

3.2.1 The power for granting discretionary rate relief by billing authorities is provided within Section 47 of the Local Government Finance Act 1988. This was amended by the Localism Act 2011 to incorporate wider powers to grant relief under local discretion. The role of local authorities in the business rate system in the past has been to administer the system prescribed by central government. There has been very limited flexibility within the system for councils to support businesses, despite the variations in economic conditions across and within local authority boundaries. The amended Section 47 of the Act allows billing authorities to introduce local business rate discounts to enable local authorities to have the flexibility to respond to such local conditions.

3.2.2 Last year the Government determined three business rates relief initiatives to support businesses which are being delivered by local authorities using their Section 47 powers. These reliefs being:

- New Build Empty Relief
- Retail Relief
- Re occupation Relief

Cabinet agreed from 2014/15 to amend the discretionary rate relief framework to cover the granting of these reliefs.

The extension of the transitional relief scheme is now being delivered in a similar way in that rather than amend the business rates regulations to provide an automatic entitlement to relief the Government will reimburse the costs of relief granted by billing authorities in the circumstances set out in the guidance notes.

Awards will be made based on information already held within business rates records as only a very small number of accounts will benefit. Additionally, where it is felt there could be state aid implications e.g. national organisations, then a letter will be sent asking whether or not they wish to claim the relief before it is granted.

The guidance at Appendix A provides examples of the establishments which are likely to be eligible and not eligible, although as a discretionary award the Council reserves the right not to grant relief where it feels such an award is not in the best interests of the local area.

3.2.3 State Aid

State Aid law is the means by which the European Union regulates state funded support to businesses. Financial support from public bodies to businesses could have the potential to be anti-competitive and affect trade between member states of the EU.

EU state aid rules generally prohibit government subsidies to businesses. Providing discretionary relief to ratepayers can in some cases be deemed to be State Aid.

There is, however, a general exception to the state aid rule where the aid is below a “de minimis” level. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).

To administer De Minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. The Council will ensure compliance with the legal requirements and any permitted exemptions. Each case will be considered based on the organisation’s individual circumstances in full consideration of the state aid rules.

4 FINANCIAL IMPLICATIONS

The relief is to be fully funded by Government by way of a Section 31 grant to billing authorities. An estimated amount will be paid in year on the basis of the NNDR1 business rates estimate return submitted to DCLG in January each year. The balance of the actual relief granted to be paid in the following year on submission of the NNDR3 final accounts business rates return.

APPENDIX A - DCLG TRANSITIONAL RELIEF GUIDANCE

How will the relief be provided?

1. As this is a measure for 2015-16 and 2016-17, the government is not changing the legislation around transitional relief. Instead the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, as amended, to grant relief. It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). In view of the fact that such expenditure can be reimbursed, the government expects local government to grant discretionary relief to qualifying ratepayers.
2. Central government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in this guidance.

Which properties will benefit from relief?

3. Properties that will benefit are those with a rateable value up to and including £50,000 who would have received transitional relief in 2015/16 or 2016/17 had the existing transitional relief scheme continued in its current format. In line with the existing thresholds in the transitional relief scheme, the £50,000 rateable value threshold should be based on the rateable value shown for 1/4/10 or the substituted day in the cases of splits and mergers.
4. This policy applies to transitional relief only (i.e. those moving to higher bills).
5. As the grant of the relief is discretionary, authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the authority's wider objectives for the local area. We would encourage councillors to be consulted on the final scheme that the local authority adopts, so there is a clear line of accountability.

How much relief will be available?

6. The government will fund Localism Act discounts to ensure eligible properties receive the same level of protection they would have received had the transitional relief scheme extended into 2015/16 and 2016/17. The transitional relief scheme should be assumed to remain as it is in the current statutory scheme except that:
 - a. the cap on increases for small properties (with a rateable value of less than £18,000/£25,500 in London) in both 2015/16 & 2016/17 should be assumed to be 15% (before the increase for the change in the multiplier), and
 - b. the cap on increases for other properties (up to and including £50,000 rateable value) in both 2015/16 and 2016/17 should be assumed to be 25% (before the increase for the change in the multiplier).
7. As explained above, the scheme applies only to properties up to and including £50,000 rateable value based on the value shown for 1/4/10 or the substituted day in the cases of splits and mergers. Changes in rateable value which take effect from a later date should be calculated using the normal rules in the transitional relief scheme. For the avoidance of doubt, properties whose rateable value is £50,000 or less on 1 April 2010 (or the day of merger) but increase above £50,000 from a later date will still be eligible for the relief.

Where necessary the Valuation Office Agency will continue to issue certificates for the value at 31 March 2010 or 1 April 2010. The relief should be calculated on a daily basis.

Recalculations of relief

8. As with the current transitional relief scheme, the amount of relief awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.
9. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.
10. Therefore, when making an award for the extension of transitional relief, local authorities should ensure in the conditions of the award that the relief can be recalculated in the event of a change to the rating list for the property concerned (retrospective or otherwise). This is so that the relief can be re-calculated if the rateable value changes.

Types of uses that government does consider to be retail use for the purpose of this relief:**i. Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc.)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc.)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

Types of uses that Government does not consider to be retail use for the purpose of this relief:**i. Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

ii. Hereditaments that are not reasonably accessible to visiting members of the public

APPLICATION FORM FOR DISCRETIONARY RELIEF

All applications are considered initially to qualify for 100%

PART 1

1.	Is the organisation run by the Council? <i>If yes, then no relief is granted and the application will not be considered any further.</i>	YES / NO
2.	Is the organisation non-profit making? <i>If no, then no relief is granted and the application will not be considered any further.</i>	YES / NO
3.	Is the organisation's sporting activity recognised by the English Sports Council or such other body as determined by the Council? <i>If no, then no relief is granted and the application will not be considered any further.</i>	YES / NO / N/A
4.	Is the organisation affiliated to the governing body in relation to the sporting activity undertaken? <i>If no, then no relief is granted and the application will not be considered any further.</i>	YES / NO / N/A
5.	Is the majority of the work that the organisation does carried out in the Bolton area? <i>(This question only to be considered in claims for top up relief)</i> <i>If no, then no relief is granted and the application will not be considered any further.</i>	YES / NO
6.	Is membership open to all and are all members eligible for election to the committee? <i>If no, then no relief is granted and the application will not be considered any further.</i>	YES / NO
7.	Does the organisation have a written constitution, memorandum and articles of association and is it run on full democratic principles? <i>If no, then no relief is granted and the application will not be considered any further.</i>	YES / NO
8.	Does the level of fees or charges preclude the public generally? <i>If yes, then no relief is granted and the application will not be considered any further.</i>	YES / NO
9.	Is the organisation primarily concerned with Vocational Training? <i>If yes, reduce the relief by 95%</i>	YES / NO
10.	Does the number of social members exceed the number of registered players? <i>If yes, reduce relief by 5%</i>	YES / NO / N/A
11.	Does the sporting organisation have a professional player? <i>If yes, reduce relief by 15%</i>	YES / NO / N/A
12.	Does the organisation provide training and coaching to develop its members? <i>If no, reduce relief by 20%</i>	YES / NO / N/A
13.	Does the organisation run a bar? <i>If yes, reduce relief by 25% (and go to Q14) if No go to Part 2</i>	YES / NO
14.	a) Does the bar open on each day? <i>If yes, reduce relief by 50%</i> b) Does the bar open between four, five or six days a week? <i>If yes, reduce relief by 25%</i> c) Are the gross bar profits in excess of £20,000? <i>If yes reduce relief by 20%</i>	YES / NO YES / NO YES / NO

For those organisations who fail to qualify for any relief under Part 1, no further consideration is given and the application is refused.

For those organisations still qualifying for 100% relief, no further consideration is necessary and 100% relief (or 20% in claims where 80% mandatory relief has already been given) will be granted.

For the remaining cases who still qualify for less than 100%, the following questions may help to improve the relief.

PART 2

1.	Does the organisation have a member(s) with relevant coaching certificate(s) and is/are the member(s) significantly involved in coaching? <i>If yes, increase relief by up to 10%</i>	YES / NO
2.	Does the organisation actively encourage membership from disadvantaged groups, identified by the Council as priority for development, and have a fee or charging structure which encourages use or participation from these groups? <i>If yes, increase relief by up to 10%</i>	YES / NO
3.	Does the organisation have teams mostly consisting of the disadvantaged groups? <i>If yes, increase relief by up to 10%</i>	YES / NO
4.	Are the facilities freely available for non-members e.g. school use, casual public sessions? <i>If yes, increase relief by up to 15%</i> <i>Sliding scale on usage by non-members</i> <i>0% to 14% = 5%</i> <i>15% to 19% = 7.5%</i> <i>20% or above = 15%</i>	YES / NO
5.	Does the organisation have a written policy or plan, which aims to increase and improve opportunities for people, particularly young people and socially disadvantaged groups, to participate in its activities and development opportunities and is that plan being actively pursued? <i>If yes, increase relief by up to 40%</i>	YES / NO
6.	Does the organisation have a current agreement with the local authority to manage sport facilities? <i>If yes, increase relief by up to 10%</i>	YES / NO

Total relief cannot exceed 100%

INFORMATION REQUIRED TO SUBSTANTIATE THE ABOVE

1. Copy of the Memorandum and Articles of Association or Rules of the Association (including fees and charges)
2. Copy of the latest Audited accounts and balance sheet.
3. Copies of any Development Plans prepared by the organisation.
4. Any other information that you feel would support your application.

NOTE ABOUT CALCULATIONS

- Reference to percentages are in relation to 100%, therefore if relief is reduced by 10% and then by 50% overall the total is reduced by 60%.
- Where claim is for discretionary relief to 'top up' an 80% mandatory relief award and total score comes to less than 80% then no 'top up' relief is given. Where a score of 81% - 100% is obtained then the percentage of 'top up' relief given is equal to the score obtained minus 80. For example, a score of 95 would result in 'top up' relief of 95 minus 80 = 15%.



Joint Response
2015-2018 Budget Update and Strategic
Approach

Including the Council's response to issues
raised

Appendix M

Part One

Overview of Trade Unions Position

The trades unions were served a HR1 notice of redundancies on 10th November 2014. The Trade Union and Labour Relations Consolidation Act 1992 (TULRCA) requires employers to consult with trades unions in a meaningful way with a view to reaching agreement. Therefore our expectation is that in your response we see tangible evidence of meaningful consultation. It is worth noting that the HR1 does not identify any managerial posts for redundancy.

This is because the HR1 doesn't separately classify any employees as being Managerial so therefore would not be appropriate to identify possible redundancies. This is because the Council does not employ and staff as "pure managers" but instead identifies staff that have supervisory, managerial or senior managerial roles within the professional or technical categories. As the joint Trade Unions are aware the Council has sought to reduce the overall costs of "management" as a priority within the previous and current budget strategies with a much greater proportion of reductions in senior and middle management to that of lower graded staff. This is particularly the case at Director and Assistant Director level where this has reduced by 50% since 2009. To imply otherwise in the response is inaccurate.

Politics is a dynamic situation and with even the cleverest of political pundits being unable to predict the outcome of the election, we believe that the proposals to set a two year budget with a move to Bolton becoming a commissioning council to be premature, leaving no flexibility to alter the fundamental premise contained in the report.

The Council does not accept the point that this budget moves the Council fundamentally away from direct service delivery as the vast majority of budget options see Council Services being provided in-house

Whilst all the mainstream parties have committed to reduce the deficit and balance the books, the Labour party have promised fairer distribution. We don't know exactly what this means, however to make plans which will have far reaching long term implications for service provision, terms and conditions and democratic accountability, it is a rash move which will in our view have political and industrial consequences. In addition it is not inconceivable that one of the smaller parties may hold the balance of power and shift the current economic status quo.

There is no legal requirement for the council to set out a two year budget, indeed the only requirement is for councils to set a legally balanced in year budget. Current projections are that £24.843 of cuts is required for 2015/16. Given the council has received over 500 requests for voluntary severance / voluntary redundancy, together with vacancy management and service reviews this figure is more than achievable.

Overview of Council Response to Trade Union Position

The Council is grateful to the joint Trade Unions for the detailed response to the budget consultation. The Council is committed to working with the Trade Unions in dealing with a very difficult budget situation and reaffirms that mitigating the impact on the workforce is a key part of the Council's strategy for the 2015-17 budget. The Council believes that the approach that has been taken over the past four years and for the 2015-17 period in respect of the avoidance of compulsory redundancies, retention of terms and conditions of employment and the continuation of the Council's policies on redeployment and pay protection etc place the Council among the best local authority employers in the region.

The Council understands and expects that many of the proposals for meeting the budget 2015-17 will be opposed in principle and practice by the Trade Unions given the impact of the budget reductions on Council Services and jobs and the extent of change that many of the options will bring to working arrangements. The Council acknowledges that the extent and amount of change experienced by the workforce has been significant and would want to pay tribute to the ongoing public service commitment that has shown by staff.

The Council is, however, disappointed by the overall tone and content of the Trade Union response as in a number of areas despite efforts to engage and explain the background to proposals and further information being provided this does not appear to have been taken on board and the Council feels misrepresented in a number of important areas. This is explained in more detail in the relevant sections of the response. The Council would wish to make it clear that the report approved by the Cabinet in November does not seek to move the Council to becoming a commissioning council and the proposals are based upon retaining services in their current form where practical.

The trade unions position is to set a legal budget for 2015/16 and to review this following the outcome of the general election.

If the proposals as set out are approved, section 4.2 of the report on delivery capacity will commence immediately.

The Council accepts the point raised in the response that the precise nature of continued austerity and funding reductions post the 2015 General Election is not certain and could result in an improvement or worsening of the position. Given the proportion of the 2016/17 reduction that are as a result of increased costs rather than proposed reductions in grant though this is likely to be at best £3-5m. The Council has already taken this into account in the following ways:

- The lower end of the budget reduction options over the two years is £38.5m automatically building in the flexibility required if the position improves
- Back loading the budget reductions to 2016/17 and using reserves to fund this so that the Council has time to adjust the budget if the situation improves. This means that no budget reductions will have been implemented that are not necessary if the financial environment improves

Strategically it is very important to plan over a two year funding cycle as delivering the budget over two years will be extremely challenging and to set a one-year only budget would mean that the Council will almost certainly fail to balance the budget over the medium term which would result in less well planned and delivered reduction creating a greater impact on services and employees.

The Council believes that the approach proposed is the correct balance between strategic planning over the medium term, using reserves to smooth and backload the implementation of a very complex budget position and leaving sufficient flexibility if the position improves post the 2015 General Election.

The trades unions are fundamentally opposed to the proposals in section 4.2 which commits up to £3m of public money on private consultants and increased payments for senior managers.

The Council has repeatedly sought to explain to the trade unions that this interpretation of the proposals relating to ensuring the budget is delivered is inaccurate and misleading. The post consultation budget report explains in detail the proposals relating to use of the one-off resources (repeat here) but in summary the key points are as follows:

- The size and scale of the budget reductions for 2015-17 are very significant and many of the budget options are complex and time consuming
- The organisation, especially at senior management level, has significantly less capacity than in 2010 and does not have the capacity or resource to deliver the budget as well as the ongoing regeneration programmes, council services and other key projects such as health and social care integration
- Many of the budget options involve advice or expertise that the Council doesn't have completely in-house such as relating to ICT, systems and processes, legal and financial issues
- It is in all parties interests to ensure that the overall programme and individual projects and reviews are delivered on-time, to budget and in a quality way. To not ensure that there is sufficient capacity to do so would be a failure in the professional responsibility of Council Officers.

In addition, it is inaccurate to describe this as being about increased payments for senior managers, the detailed proposals are around appropriate backfilling of existing staff to enable them to deliver the budget options or the creation of temporary posts to create the necessary capacity. The Council remains committed to explaining and discussing the capacity and delivery arrangements with the Trade Unions as part of a constructive dialogue.

The trade unions note that the proposals set out in the Capita report are neither innovative nor original and that the council failed to get value for money for the expenditure of £50k. The report could have been compiled by any senior manager with a reasonable understanding in this field of work. It has set out a plan which takes absolutely no account of public interest, scrutiny or accountability. It does however make numerous references for the need for additional expertise. Presumably this is to feather the nest of the numerous private consultants happy to get their hands on taxpayers' money in the revolving door of the world they inhabit.

By contrast we note that the proposals to share services with a neighbouring authority have been devised without any recourse to costly consultants. The plan to making savings of £2-3m whilst protecting front line services in Environmental Services is something which we believe ought to be explored in other departments. We would also wish it to be noted of our concern that proposals made by the trade unions to examine sharing a Chief Executive with another authority were dismissed out of hand.

The Trade Unions submission is entirely inaccurate in its assertion in respect of the external advice in re the shared service with Wigan Council on Environmental Services. This option was integral to the work undertaken by Capita and came forward through this route.

Though the devil lies in the detail, the trade unions would like to see shared services with other local authorities explored ahead of outsourcing.

The Council has explored option for sharing services with other Council and does so both at a GM and individual council level e.g. certain finance functions with Manchester. Further options for how this could operate are open to be explored as part of detailed budget reviews

The trades unions and indeed the general public have an expectation that elected members of the council uphold some simple principles of fairness and accountability. The proposals as set out by the Chief Executive in his report fall short of the expectations of our members as workers and citizens of the town.

The proposal to set up an Arm's Length Company for the delivery of Adult Social Care is disingenuous and flawed. It concedes democratic accountability and implements an unfair pay structure. It is clear to anyone with a basic understanding of industrial relations that to deliberately set out to have a company with a two tier workforce is divisive and ill conceived. It is not surprising that a company like Capita should advocate such a system given their business is based on a model only interested in the 'bottom line' and not on human relationships and social consequences. We do however expect more from elected Labour politicians. At least £10m was spent on implementing a fair pay and grading system which addressed historical inequalities between the value of male and female work. These proposals not would only undermine the spirit of the Single Status Agreement but will take us back to a time when care work undertaken almost wholly by women had a lesser value than male manual/craft workers.

The trades unions are fundamentally opposed to the formation of a new company to deliver Adult Social Care and the imposition of a two tier workforce. The council will risk damaging industrial relations should it approve this proposal.

The Council understands that the Trade Unions will oppose the principle of the establishment of an arm's length company for adult social care. This is not a proposition that the Council has entered into lightly nor is it a proposition that the Council would chose to do in different financial circumstances. The Council has proposed this way forward as the least worst option given the budget reductions being faced. The background and alternatives are as follows:

- The provision of personal social services to eligible clients is a statutory entitlement and the Council does not have the option to reduce the level of provision unlike with most other council services
- The Council is therefore faced with the decision either to reduce the cost of Adult Social Care, outsource the service to the private/voluntary sector, reduce further other council services or reduce other e.g. employee costs. These alternatives were set out in the budget report but at this point in time the Council has not received consultation feedback that persuades the Council that these options are preferable to the one proposed

The Council is committed to working in detail with the Trade Unions on the best way to deliver this option if approved and would wish to ensure constructive employee relations in this context.

Part Two

Detailed response to the proposals set out in the report of the Chief

Executive 10th November 2014

Introduction

Compulsory Redundancies / T&C's

The trade unions note that the council has honoured the unwritten 'agreement' to avoid compulsory redundancies and attacks on terms and conditions. Whilst we welcome this position it should be noted that the loss of 1350 jobs with a further 500 over the next two years will have a significant impact on the economy in Bolton both in terms of spending power and decent available jobs.

Background

In Bolton we have already witnessed £100m cuts and 1350 job losses. In November 2014 Bolton Council announced that it was to consult all stakeholders on even deeper cuts to jobs and services with a budget reduction of £43m over the next two years and up to 500 job losses. In context this is 25% of the controllable budget.

This makes this budget extremely challenging for the trade unions to engage in consultation and negotiating as it has done in previous years. Previous budget options have usually identified service areas alongside the number jobs which are being proposed for redundancies, the trade unions then have the opportunity to engage with each of the departments on their rationale for service redesign or restructure. Whilst the proposals include such service reviews

the two year strategy is clear and fundamentally shifts the principle of directly provided services as the best method of delivery high quality services.

The Council acknowledges that this is a strategic budget consultation but would emphasise that further detailed consultation will take place on all budget options with most options not being implemented before 2016/17

These proposals are far wider reaching, including “Alternative Delivery Models” and yet more service reviews. These cuts are the start of putting a ‘sledgehammer’ through local government as we know it here in Bolton, and with the reality that Government is not even half way through its austerity programme.

The Council has been clear that the impact of the budget reductions are potentially significant but the Council is also pleased that the work to date to mitigate the reductions has been effective in a number of areas. This will be closely monitored in the forthcoming budget round

Adult social care is in crisis. A recent report by Age Concern put the cost of ‘bed blocking at £640m and laid the blame at inadequate care arrangements. Children’s services are under increasing attacks with preventative services seemingly an easy target for cuts without evaluating the full cost benefit analysis of such services. Environmental services face regular public scrutiny particularly in the face of increased council tax.

Despite the unprecedented cuts being imposed by the government, the Council is still referring to savings and efficiencies. It is time for the Council to be honest that these proposals are cuts and we will struggle to deliver services to the standard that this council has previously achieved and indeed prided itself on. Council leaders in Birmingham, Newcastle and Liverpool have publically stated the devastation that cuts on this level will have on their cities.

We also want to acknowledge these cuts hit our members on a number of levels and we will address this within our response. Our members are your employees and at the same time the majority are citizens in this town and will be users of the services you propose to change, or cut. Changes to the structure of funding for grants in the community and voluntary sector and to the operation of some contracts will impact on the jobs available to the wider Bolton community, meaning that in effect, the jobs lost as a result of this budget may far outweigh the 500 from the Council structure.

Transformation Office

In section 4.2 of the Chief Executives report, there are proposals to address the capacity issues when delivering the cuts. The so called “Transformation Office” with a budget of up to 3m to

include cover for the costs of seconding senior managers and their backfill and the use of outside consultants who will oversee the delivery of the cuts is a deep concern to us.

We note the very different approach for senior managers. Over recent years line managers and workers in the organisation have been tasked to plan and deliver changes to services with no additional support, pay and cover.

The Council fundamentally rejects the accusation that the approach to capacity issues with senior managers is fundamentally different. This is inaccurate with the vast majority of staff at Assistant Director level and above being given much expanded workloads without an increase in grade. The Council does not disagree that many council employees have worked hard to absorb additional work but feels that the attempt to negatively portray senior management in this regard is unhelpful and profoundly incorrect.

Workload Issues

Since 2010 and the start of the austerity agenda, trades unions have worked with the employer to ensure that all job losses have been met by voluntary means. This has not been without its problems. As workers leave to take VER/VS, members who remain in the workforce have not seen a reduction in their workload. Indeed, workload is the single biggest workplace issue, after job security, which members raise with the unions. Many are suffering symptoms of stress whilst others have had to take sick leave when the burden becomes too great.

The council has a duty of care to its workforce and this clear disparity in resources needs to be addressed. For every job lost there is a knock on impact on our remaining Council staff.

The trade unions wish it to be noted our position on 'Cease and Diminish' as we proceed through these next budget options. As we get into more detail regarding the service reductions and commence dialogue on cease and diminish, it is our position that if the employer cannot clearly demonstrate which work will cease and diminish as jobs are lost, we will not rule out consulting our members to commence a dispute.

The Council acknowledges the importance of being clear on "cease and diminish" and takes seriously our duty of care to staff and wish to work positively with the trade unions to ensure that work is prioritised and expectations are reasonable. The Council would highlight both the liP review and the staff survey as strong evidence that the Council has continued to provide strong support and care for staff and that under the challenging circumstances that morale, motivation and satisfaction of staff as remained good.

Capita Report / Outsourcing

It must also be noted that the trade unions are being asked to comment on the budget options, many of which are predicated on a report produced by Capita for the Council, without having had access to a full copy of the report, having only been presented with an executive summary as late as a couple of weeks ago from the date of writing.

We feel that this is ineffective consultation and limits our ability to comment on those options that have been appraised as well as those that have been recommended in the Capita report. It is disappointing that the Council has taken this tact when it has stated that its intention is to fully involve the trade unions, and particularly given the context of the s188 in relation to the budget options and the legal requirement for meaningful consultation.

It is important to emphasise that the Trade Unions view of the Capita Report and its role in the budget process is not accepted by the Council. The Trade Unions are seeking to make an argument that is fundamentally flawed based upon an incorrect interpretation of the purpose of the work. This work and report was a detailed assessment of issues and options re alternative delivery models. The decisions taken in respect of the budget proposals in most respects did not propose the option that would maximise the budget reduction available to the Council but the option that potentially sat closest to the maintenance of direct council service delivery. This is particularly the case with the proposals to share environmental services with Wigan and dealing with the digital and administrative review in-house. The Trade Unions have had all of the relevant information and the Council is willing to sit down and explain the background and issues in further detail if that is what is required.

The Council has explained to the Trade Unions on a number of occasions including by sharing the brief, in various meeting and through an Executive Summary of the work produced the Council's External Advisors that the purpose of this work was to:

- Provide Council members with the maximum amount of information about potential alternative service delivery models and their pros, cons, issues and risks
- Sought to provide Council Members with a detailed understanding of the potential financial savings from alternative delivery models and how this could be achieved
- This capacity and expertise provided by Capita on these issues was far in excess of that available in-house within the Council and provided Council Members with information upon which to make proposals relating to the Council's budget.
- It is important to highlight that the budget proposals are the Council's formed by many hours of discussion and debate by elected Councillors following advice from Council Officers

Bolton Council Reserves

The Council's consultation report agrees to earmark £40m of one off funding from reserves to deliver the two year budget. The trades unions have consistently called for the council to use its reserves to mitigate cuts to jobs and services.

Whilst we welcome the decision to use reserves, on examining the finances we believe the council could make further use of its reserves to 'protect' some of the services which will be cut.

It is disappointing that preliminary informal discussion did not take place with the trade unions to see if we could form an agreement as to where the reserves would be best used.

However, from information shared with the union, it appears that the Council reserves have increased significantly since we received an overview of the accounts around 12 months ago. So why not allocate more money from the reserves in 2015/16 to protect services and jobs? £8million would keep Adult Services in-house.

It is our position that whilst the cuts are being imposed by the coalition government there are still some choices open to local politicians. On examining the reserves we believe that an increase in use of reserves ought to be used to balance the books over the next two years to defend in house services.

With respect to the Trade Unions position on reserves the Council rejects the assertion “that it is disappointing that preliminary informal discussion did not take place to see if we could form an agreement as to where the reserves would be best used” in the strongest possible terms. The Council spent a significant amount of time including via a shared presentation in December outlining the background to Council reserves, their purpose and how they were being used for the budget as requested by the Trade Unions. This meeting took place in December and subsequent to the meeting no further requests or suggestions on this matter have been made by the Trade Unions to management before the response to consultation. This is a matter for the Trade Unions not the Council.

Adult social care

Adult social care is a service which is under public scrutiny and is in crisis. Integrated health and social care is laudable but it is a falsehood to suggest that channelling NHS resource through the Better Care Fund for example, is the solution. This recycling of money is unlikely to be sufficient and a long term political solution is required.

Adult social care is high on the political agenda currently and is under enormous scrutiny given the rise in demand for older care and care packages. Placing the care of the vulnerable in an arm's length model, despite any 'best intentions', also places the services one step closer to the private sector. The care of the elderly can be a very profitable business and in essence allows for 'assets stripping' of services which should very much be resisted.

Our members in Adult Social Care lost up to £6,000 in the restructure in 2013/14. the purpose of the review was to make the service competitive with other providers whilst acknowledging

that the cost remained higher than the private sector. It was explained that a good quality in house service would be able to set itself up as a 'niche market' taking on the more complex cases rejected by the private sector.

The joint unions feel it is disingenuous for Bolton Council to inform the press that 'we are coping' giving the impression all is well. There are issues within Adult social care as it is working to maximum capacity, and it would, in our view, be more open and honest to admit that the council, in face of the most vicious of government cuts, is struggling, but they and their dedicated staff are doing the best they can.

The proposals in the report to drive down further the T&C's of workers in a new company clearly shows the disingenuous approach of management dealing towards its staff.

We believe that until a long term solution to the care crisis is found, council reserves ought to be used to continue to deliver high quality in house adult social care. The report predicts "savings" of between £2.5m and £4m "over a number of years" by outsourcing the service. By using reserves and reducing council overheads the service could continue to be delivered in house.

The joint trade unions fundamentally reject the proposal to create a new company which is deliberately designed with the intention of having a two tier workforce. The move fundamentally undermines the spirit of the Single Status Agreement which enshrines a set of key principles one of which states:

"We are jointly committed to the local democratic control of services to the community as the primary role of local government"

And another being

"Equality as a core principle which underpins both service delivery and employment relations"

This historical agreement between the national employers and trades unions in 1997, embraced by Bolton Council, was designed to value the work of women and address the undervaluing of social care work. .

We are particularly concerned that the Council believe it is right to transfer staff to a new company on their existing terms and conditions and create a new tier with significantly worse

terms and conditions. When TUPE situations occur into or from the council it has always been the trade unions position to preserve the best T & C's for the workers.

The proposal for a stakeholder pension as opposed to the LGPS is also of concern. With more and more services being outsourced the long term viability of LGPS is threatened.

It is worth noting that the councils own policy for procurement encourages new employers to sign up to the modification orders to enable transferred staff to stay in the LGPS. It is the height of hypocrisy to expect other employers to carry the cost of LGPS whilst a proposed wholly owned company intend only to provide stakeholder pensions.

We further reject the promotion of a voluntary severance scheme '**that is the only planned opportunity, during this budget round**' at the same time of proposing to make the service of those group of workers 'an arm's length' company.

The Council has protected Social Care to a greater extent than other services in the face of very significant reductions. The Council acknowledges that there is a great deal of pressure on the system but believes that overall the Service is managing well. The Adult Social Care Company will result in lower terms and conditions that are currently provided for in direct Council provision but as highlighted in the budget report at a much higher level than the alternative of outsourcing. The Council does not accept the Trade Unions view that management have been encouraging our members to apply for VER/VS and write on their paperwork that they would be interested in returning as a re-employed person in the new company.

Extra Care Housing

The Extra Care Housing Service which sits within Adult Services was set up as a model service. It allowed vulnerable older people to have their own tenancy with the security of onsite social care support. The cost benefit analysis of such a wraparound service is indisputable and must have saved thousands if not millions of pounds over the years it has been in existence by preventing people going into long term residential care or hospital. It also facilitated immediate hospital discharge by having services on site. Over recent years the council has systematically eroded the gold standard service to such an extent that it is now no more than a 'warden type' service. The actual properties were allowed to be transferred to Bolton at Home when they should have remained in council control. In order to speed up the void period the allocations policy was modified and criteria loosened. The sleep-in service was withdrawn and at the same time rents increased.

The proposal to cease this service is a false economy and should be reconsidered as part of a long term plan to keep older people in their own homes and as far as able to remain semi-independent.

Race to the Bottom

The trades unions are of the view the report by the Chief Executive outlines a position which will drive down terms and conditions by stealth. The capita report makes reference to cutting overhead costs prior to outsourcing. It is noted that this race to the bottom will not be employed when seeking a new Chief Executive, Principle or Director to run the company.

The age old argument that you have to pay a high salary to get the best is an adage which has been lifted from the private sector to justify obscene high salaries for CEO and city workers. This myth was exposed during the crash of 2008 when CEO's amassed personal wealth at the expense of ordinary workers who are still paying the price.

It is an insult to workers undertaking the most demanding of work in social care that those working in the proposed company can be paid the 'living wage' whilst senior managers in the council transformation team will be paid additional remuneration; retain their LGPS and other benefits.

The Council does not accept the view that the Council's proposals will drive down terms and conditions by stealth. The Council has explicitly, unlike many council's, rejected the proposition of a blanket reduction in terms and conditions of the workforce and see this as an important principle. Again the accusation that senior managers in the Council transformation team will be paid additional remuneration is unfounded.

Living Wage – Ethical Care Charter

Following a presentation by the trade unions to the SLJCC encouraging the adoption of the UNISON Ethical Care Charter it was stated that the charter would be considered during the next budget round.

We note with disappointment that there is no mention of the adoption of the Ethical Care Charter in the two year budget plan.

We note that other boroughs have not only become a Living Wage employer but have also signed up to the Ethical Care charter for their commissioned services.

The adoption of the Living wage would set the town's agenda for acceptable wages and help regenerate the economy.

It is not appropriate for the Ethical Care Charter to be referred to in the budget strategy. The Council agreed to respond to the Trade Union's request to consider the Ethical Care Charter in parallel to the budget process because the financial impact needed to be understood as affordability was a key consideration. The Council is in the process of preparing for the re-commissioning of the Home Care Service and is meeting with the Trade Unions to provide a response to this issue in the context of that process.

Further, the Council recognises the importance of demonstrating leadership of good quality terms and conditions and has made improvements to the bottom of the pay structure for the last two consecutive years, in order to pay our lowest paid staff at the highest affordable point in response to:

- the Borough anti-poverty strategy
- an aspiration to pay above the value of the National Minimum Wage
- the nationally assessed value of the "Living Wage"

The Council now pays Grade 1 staff £7.88 per hour at grade maximum, which is above the current value of the national "Living Wage"

Shared Services

We further note with that given the Councils stated commitment to exploring the best available options for savings and the maintenance of services for the citizens of Bolton, that consideration does not appear to have been given to the opportunity to explore the establishment of a shared services for other services. Bury council are currently developing similar proposals to Bolton for their Adult Social care and we would urge the Council to also undertake an assessment of the opportunities that this might bring as a matter of urgency, with a view to putting any savings that might be achieved to avoiding the creation of a two tier workforce.

We are also of the view that a significant number of "back office", professional and technical support services could be shared with other authorities e.g. legal, HR, finance, payroll etc. This would reduce what are currently very heavy overheads and ensure savings are directed in to front line service delivery.

The Council would be prepared to examine the possibility of further shared services activity but does not believe that a shared service for Adult Social Care is likely to produce savings of any significance because of the fixed costs of the service and the maintenance of staff ratios etc

Children's Services

Over the last few years Children's Services have been eroded to the extent that the department's focus is now largely statutory requirements. The proposals announced look to make further cuts to frontline preventative services. The council hope to make savings that include a significant reduction to Children's Centres, Youth and Play services. These cuts will impact on sections to varying degrees, job losses in family support will leave workers across all sections feeling the burden, the impact on capacity across all levels of social care/work.

Workers are already feeling the strain and with the expectations of the statutory court timelines, further cuts, we fear, may tip the balance. Cuts threatened and if implemented create uncertainty within the workforce, with the additional workload this can only manifest into stress impacting on work and family life. Our concern for the children's social care section, when our members are most vulnerable, pressure in their roles and stress factors rising could have serious professional implications, which within the public domain would become a professional assassination.

The Council will keep the impact of reductions in non-social care services in Children's Services under review as it will be important to monitor the impact of this.

Environmental Services

We understand that the joint working with Wigan in principle appeared an avenue that as a trade union we are happier to explore. We do need to understand the details of the proposals and await further detail. We would like to be involved at the earliest stages possible and understand our comrades unions in Wigan view is the same so we can work on shared principles, which will allow the process to move along much smoother.

The Council welcomes the commitment to work in partnership on the proposed Bolton and Wigan Environmental Services option

Not for profit Library service

We note the proposal for a "not-for-profit trust model" for the library service and the lack of detail. It is worth stating that the current service is 'not for profit'. The council claims that the current network of libraries and museums will be retained, albeit with fewer workers. Regardless

of the final proposals for a trust model, we believe that the savings required could not be made without job losses and cuts to terms and conditions.

The Council is not intending to propose reductions in terms and conditions in any exploration of a trust model which is more focussed on potential savings re buildings and financing costs

Loss of 200 jobs across Chief Executive cross sections.

Whilst it is easy to be distracted by the alternative delivery models, we cannot lose sight of the proposal to reduce this section of the workforce by 40%. We remain concerned about generic job descriptions and await the detailed proposals and wider implications.

In conclusion

On a local level it is not lost on the trade unions the gravity of the cuts the council has to make, but as previously mentioned we firmly believe that available reserves are used to protect and keep services in-house for as long as possible.

We note that alternative delivery models are being identified as a way in which the Council can grow and increase income, but do not accept that this could not be achieved through other means. The Council has the power to develop services for its community and voluntary sector in order to make a profit and grow business without having to give away in house services in the process. We do not believe that this has been given proper consideration.

The trade unions acknowledge the council's proposals to implement the alternative service delivery options last, however it is a grave concern that the period in-between this time will be spent on reviews which 'Lean up' services to package them for the alternative delivery models and seeks some reassurances from the council that this is not their intention.

The sign of a good Society is one that protects its weakest. The strong can always look after themselves.

The Council can confirm that the approach to undertaking service reviews and achieving budget reductions is not part of a strategy to prepare the services for outsourcing

Part 3

Equality Impact Assessment

We cannot respond comprehensively as the EIA lacks sufficient detail to enable us to do so. The EIA is largely devoid of meaningful narrative. Emphasis is placed on undefined strategy and back-reference to previous EIAs. Reference to the proposed content of yet to be produced individual EIAs allows addressing critical issues in a timely fashion to be avoided.

Equality Duty as stated in the Equality & Human Rights Commission Guidance (The Essential Guide to the Public Sector Equality Duty p5 of the document reviewed 07/2014) has been stated in the EIA (EIA section 4 – Diversity Groups), however the second aim of the Equality Act detailing actions that need to be followed in order to ensure this duty is enacted/applied have not been included. This aim is as follows:

“The Equality Act explains that the second aim (advancing equality of opportunity) involves, in particular, having due regard to the need to:

Remove or minimise disadvantages suffered by people due to their protected characteristics.

Take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.

Encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low.”

The EIA generally acknowledges that the authority must have due regard to various needs. It fails, however to propose methodology to ensure those needs are met. It further dismisses the requirement for compliance with the Equality Act by suggesting the council merely needs to “consider” the impact of its proposals. This falls short of its obligation.

Working with what we had, however, we find the following:

Analysis of available data from the council’s workforce profiling does not appear to have been considered, resulting in missed opportunity to mitigate impact on the following:

- Gender relevance in the employment areas targeted for staff reduction
- Salary scale relevance in the employment areas targeted for staff reduction.

Paragraph “Diversity Groups” in the EIA provides an opportunity to directly address protected characteristics. There is no evidence that mitigation with regard to protected characteristics has been considered.

Historic data held by the council on employee's primary and secondary carer duties has been omitted from the EIA. Relevant influencing factors therefore have not been considered in proposed mitigation.

There is undue reliance on future individual assessments to validate the various unsubstantiated assurances in this EIA.

Recommendations:

Future-proof this EIA by addressing relevant and time-critical issues in advance of future related documents.

Expand existing workforce profiling to produce robust indicators of protected characteristics and other specific circumstances impacting on employees to which the council should give due regard.

Demonstrate how mitigation will be implemented generally and more specifically with regard to protected characteristic categories.

Conclusion:

Sections 3 and 4 give the council the opportunity to discuss the individual protected characteristic and detail the impact on them. They are simply listed and little detail given as to the impact.

Section 5 of the EIA, in particular the assertion "Continue despite having identified potential for adverse impact/missed opportunities for promoting equality – this requires a strong justification." We cannot see anywhere in this EIA any strong justification and therefore cannot agree with this perverse intention nor be persuaded that future individual EIAs would positively impact on outcomes guided by its application.

We would remind the authority that complying with the specific duties of the Equality Act does not necessarily ensure that it is having due regard to the aims of the general equality duty across all of its functions.

The summary statement in section 5, states that the EIA has identified potential for adverse impact/missed opportunities for promoting equality, however we feel that the document doesn't go far enough to state the adverse impact or missed opportunities and in therefore in itself a missed opportunity. This statement effectively ignores the second aim of the Equality Act.

We believe that protected characteristics can be discussed especially in terms of the workforce. The council collected these basic figures in order to compile a Workforce Profile. Unfortunately it does not cross-reference these figures so it is difficult to determine the collective impact for those with several protected characteristics or vulnerabilities (i.e. National figures would

suggest that the majority of carers, those looking after children and elderly or infirm relatives are low paid, part-time workers). The council's responsibility is to both its residents AND its workers. We are disappointed that this information hasn't been included and we would expect far more detail regarding the effects on the workforce in individual EIA for each review.

We believe that the Equality impact assessment is not extensive enough therefore falls short in informing a true assessment which could be measured against Bolton councils anti-poverty strategy.

Cuts to children's services have implications for reducing child poverty. For the first time in 17 years, child poverty in the United Kingdom increased in absolute terms in 2012 (1) Therefore it is unclear when further cuts are proposed to children's services why this is not factored into an EIA.

With a toxic combination of cuts to services just as levels of need rise as a result of welfare cuts, hardship and mounting social problems this places further pressures on families requiring services. An issue not addressed in the EIA.

(Unison Equalities Committee)

The Council has provided within the strategic EIA all the detail that is currently available and relevant at this stage to the budget strategy. By law, our assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Our Strategic Budget EIA process meets these requirements.

The strategic analysis of the potential impact of each option on groups with protected characteristics is in line with the requirements above and will be further expanded when more information is available:

- Individual EIAs on each individual budget option will be produced, including the analysis of impact on citizens and staff by protected characteristic, as part of the approval of individual options over the next two years
- Information to show how the council is complying with the general equality duty, in relation to its workforce and its services is also published in January of each year in line with our specific public sector equality duties. This includes detailed analysis of the workforce.

The Council is aware that it also has a duty to have regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity, and to foster good relations between people who share a protected characteristic and those who do not. The Council has responded to this duty by identifying the strategic priorities that will be maintained despite diminishing resources and by reaffirming the strategic commitment to the key aims of the Bolton Community Strategy, which are:

- To narrow the gap between best and worst off in the Borough
- To promote economic prosperity

The socio-economic impact of these proposals are also analysed specifically which ensures the options have been tested at a strategic level against the Borough anti-poverty strategy.

(1) Department for Health Annual Report of the Chief Medical Officer 2012. Our children deserve Better: Prevention Pays.
<https://www.gov.uk/government/news/chief-medical-officer-prevention-pays-our-children-deserve-better>