

Report to:

Council 28 February 2019



General Fund Revenue Budget 2019/20 and Medium Term Financial Plan 2019/20 to 2021/22

Report of the Leader of the Council

Purpose of the Report

1. To present to Council:

The Leader's General Fund Revenue Budget 2019/20 and Medium Term Financial Plan 2019/20 to 2021/22.

The following Appendices are attached to the report:

- A (i) - Summary of the Budget Consultation Exercise
- A (ii) - The Leader's Budget Statement 2019/20
- B (i) - Schedules of continuing savings requirements for 2019/20
- B (ii) (a) -Public Health Budget
- (b) - Public Health Savings
- B (iii) - Analysis of Budget Movements 2018/19 to 2019/20
- C - Schedules of Fees and Charges
- D - Analysis of Business Units' Budgets
- E - 3 year Medium Term Financial Plan 2019/20 to 2021/22
- F - Policy Regarding Capital Receipts Flexibility
- G - Risk Assessment of level of General Reserves
- H - Schedule of General and Earmarked Reserves
- I (i) - Hull City Council / Clinical Commissioning Group - Integrated Financial Plan
- I (ii) - Schedule of Planned review activity
- J - Council Tax and Precepts

Executive Summary

2. The report provides the suite of assumptions and technical underpinnings for the Leader's Budget statement, shown at Appendix A (ii) and the savings proposals included at Appendix B (i).
3. The report also sets out the levels of Council Tax rising to the referendum limit which result from the Leader's Budget Proposals in 2019/20 resulting currently in a 2.99% increase which is being proposed.

Recommendations

4. The Council is recommended to:-
 - i) Note the Leader's Budget Proposals 2019/20 as set out in Appendix A(ii);
 - ii) Approve the Council's 2019/20 Revenue Budget savings and Service expenditure allocations as set out in Appendix B (i) and D; subject to any budget amendments properly notified to and approved by Council in line with the Constitution;
 - iii) Note the proposed fees and charges for services at Appendix C
 - iv) Note the Medium Term Financial Plan as set out at Appendix E;
 - v) Approve the Capital Receipts Flexibility Strategy set out at Appendix F;
 - vi) Approve the contribution to/from reserves and levels proposed at Appendix H;
 - vii) Approve the Health and Social Care Integrated Financial Plan, showing the expected spend in the City of both the Council and Clinical Commissioning Group (CCG), and the review activity at Appendix I, and support decision making relating to funds within this Plan being subject to consideration and approval by the Committees in Common.
 - viii) Approve the levels of Council Tax, noting the precepts of the Police and Crime Commissioner for Humberside and the Humberside Fire Authority as set out at Appendix J;
 - ix) Note the comments of the Director of Finance and Transformation and Section 151 Officer on the robustness of the Budget and adequacy of reserves as set out at paragraph 49;

Revenue Budget 2018/19 - Consultation

5. The Government announced details of the provisional Local Government finance settlement on 13 December 2018 with the final settlement expected in February 2019. This confirmed the indicative figures which have previously been released as part of a four year settlement up to 2019/20. This report assumes that there will be no changes to the Council's projected funding within the final settlement, but should the Government make material amendments Members will be informed as soon as practicable. The budget for 2019/20 reflects the cuts in Government funding detailed in the settlement and the resulting service reductions required to produce a balanced position.
6. City Managers have undertaken specific consultations with service users where appropriate as referenced at Appendix B (i).
7. Meetings have also been held with representatives of the Voluntary Sector, Unions and Young People of the city as well as the Business Community regarding the Council's budget. The Council has also undertaken a broader exercise regarding meeting Council priorities in an environment of reducing public sector funding through the People's Panel in the form of market research.
8. A summary of the consultation exercise is shown at Appendix A (i) alongside the Leader's Budget Statement which is attached at Appendix A (ii)

Local Government Finance Settlement – Core Funding and Business Rate Retention

9. The Provisional Local Government Settlement for 2019/20, which was issued 13 December 2018, confirmed the indicative funding allocations provided previously as part of the Government's 4 Year Offer. The Council, along with the vast majority of other Councils (97% in total), accepted the Government's 'offer' to provide certainty over the key elements of the Council's funding up to 2019/20.
10. This means that the Council will have lost £131m in Core Funding between 2010 and 2020, (a 55% reduction). Although significant reductions are faced across the whole local government sector, Hull and similar authorities, which have a high level of need but suffer from relatively low property values and economic growth, have continued to suffer disproportionately from the cuts in funding.
11. The Government has announced that they wish to move to a position, by 2020/21, whereby Council's retain 75% of locally collected Business Rates under a new system of "Fair Funding". This has increased the level of uncertainty around future local government funding. The Government has indicated that it intends to retain the system of 'top ups and tariffs' which is vital to cities like Hull, as it provides an element of redistribution from wealthier to poorer areas. It is essential for Hull that the Government ensures equity in the distribution of overall resources to adequately reflect comparative local needs and the differing abilities of councils to raise income locally. The Council will continue to lobby to best effect through direct responses to Government consultation proposals as well as the Local Government Association and SIGOMA (the Special Interest Group of Metropolitan Authorities) within it.

12. In Hull the reduction in core funding between in the next year is 5.5% as shown in Table 1 below. Whilst a small increase in estimated funding in 20/21 is projected, funding is still likely to be below current levels whilst service demands continue to increase. It is within this context that the Council must seek to continue to reduce its cost base in order to bring expenditure into line with available resources.

Table 1 – Movement in Core Funding 2018/19 to 2019/20 and projected 2020/21

	2018/19	2019/20	Change		2020/21	Change - from 2018/19 (Est)	
	£m A	£m B	£m	%	£m (Est) C	£m	%
Revenue Support Grant	31.82	23.99	-7.83	-24.6%	27.10	-4.72	-14.8%
Business Rate Funding							
- Top-Up	37.47	39.23	1.76	4.7%	40.42	2.95	7.8%
- Retained Business Rates	41.00	40.99	-0.01	0%	42.22	1.22	3.0%
	78.47	80.22	1.75		82.64	4.17	
Total Core Funding	110.29	104.21	-6.08	-5.5%	109.74	-0.55	-0.5%

Balancing the 2019/20 Budget

13. The 2018/19 Budget approved by Council in February 2018 included savings of £11.355m with additional planned reductions of £12.578m in 2019/20. The projections set out in the July and December 2018 MTFP updates to Cabinet suggested that the 2019/20 budget could be balanced without the need for significant further reductions beyond those already planned. As such, management activity has continued to focus on the successful completion of the existing savings plans and cost reductions as approved at February 2018.
14. The strategy, as set out in the July MTFP report provided, in the light of the then latest projections, for a balanced position in 2019/20, but deficits in the following years. This reflected the use of one off resources in 2019/20 to smooth the impact of the funding reductions between years.
15. Projections have been updated and whilst the basis of the approach remains largely unchanged, these revised projections alongside the additional cost pressures within Children's Services have necessitated some changes in the MTFP as set out below.

- Implications of Outturn Projections

16. Formal revenue monitoring reports during 2018/19 have highlighted significant cost pressures within Children's Services. With regard to the Adult Social Care analysis of the cost drivers and MTFP assumptions suggests that overall service spending can be contained within existing budgetary allocations for 2018/19, as a result of increased income being received. However current activity levels suggest costs will exceed budgeted levels in 2019/20. Similarly, the pressures within the CYPS service highlight additional ongoing costs arising from the placement of children in care which will continue to be experienced in 2019/20. As a result the proposed budget and MTFP include additional estimates to reflect the reality of the existing cost base with an additional £3.1m being included for 2019/20 for CYPS and £1.25m for adult Social Care.
17. Although the carry forward of some level of costs into 2019/20 is inevitable, it remains necessary that CYPS devise and deliver changes in service delivery in order to minimise the cost implications, improve outcomes for young people and families, and drive down the cost of placements in future years. To this end, it is proposed that additional resources are set aside both to provide additional capacity to deliver the required service transformation and enhance the Special Educational Needs (SEN) service. The additional resources comprise £0.4m being added to the base budget.

- Savings

18. As part of the budget setting process the savings relating to 2019/20 included in the February 2018 Report have also been reviewed to confirm their deliverability and as a result some savings have been amended. The updated schedule of savings, totalling £9.3m including Public Health is shown at Appendix B (i). Additional information relating to the Public Health Savings is shown at Appendix B (ii).

Joint Commissioning with Clinical Commissioning Group (CCG)

19. As shown at Appendix B(iii) after taking into account the issues noted above and latest projections of corporate costs the Council is faced with a budget shortfall in 2020/21 of £4.1m. Based on current projections the deficit is set to increase in 2021/22 to £6.7m. This primarily reflects the Council's rising costs relating to the care of vulnerable children and the demand pressures within the wider adult and children's care system and the health sector across the city.
20. The Council cannot seek to address these issues and cost pressures in isolation, and so must continue to work with our partners, and specifically the Clinical Commissioning Group (CCG), to manage demand across the system utilising the resources available within the City. The move towards joint commissioning between the Council and CCG is developing at both an Officer (Integrated Commissioning Officer Board) and Member (Committees in Common) level and this provides confidence that efficiencies and improved value for money can be achieved. It is The total joint funding "envelope" has been agreed with the CCG along with a schedule of commissioning and service reviews to be jointly considered over the coming years,

are shown within Appendix I (i) and (ii). The outcome of the review work will be subject to approval by the Committees in Common.

21. The move towards closer working with the CCG builds on the national drive to reduce public sector expenditure and improve the quality of care the Government is seeking to encourage closer working between Councils and the NHS. In broad terms there is a nationally recognised desire to reduce the cost of acute health care through better focussed and resourced community services designed to meet the care needs of individuals at an early stage and therefore reduce the call on expensive acute services.
22. To this end the Government introduced the Better Care Funding initiative in 2015/16 which sees significant resources from the NHS, and local Councils, jointly managed under the auspices of Health and Well Being Boards with a formal pooled budget arrangement. The MTFP for 2019/20 reflects the expected level of funding received from the NHS to support services.

2019/20 Budget

23. Appendix B(iii) details the movements in the 2019/20 Budget MTFP since February 2018. The table below summarises the projected movements and identifies sums required to balance the budget in each of the next 3 years. In summary, after factoring in the approved savings, as detailed at Appendix B(i), and the benefits of Joint Commissioning the projections show a balanced budget for 2019/20 but shortfalls in the next 2 years. The 2020/21 position will need to be addressed during 2019 when it is anticipated that the Government's intentions regarding the future funding of Councils should be clearer. The 3 Year MTFP is shown at Appendix E with supporting narrative included in the paragraphs below.
24. Given the level of the projected cuts in government funding and the significant financial challenge faced by the Council over at least the next 2 years, it is imperative that strict budgetary control is exercised across all services. The position within all services will continue to be closely monitored throughout 2018/19.
25. The provisional financial outturn providing details of 2018/19 actual spend against budget will be reported to Cabinet in May 2019 and this will inform the first formal revenue monitoring round for 2019/20. (The provisional outturn figures will be confirmed in July following the completion of the external audit of the Council's accounts).

Table 2 – Year on Year Movements

	2019/20	2020/21	2021/22
	£m	£m	£m
Movement in Resource Base	-9.451	-3.234	-4.775
Contingencies and Budget Pressures	20.754	10.500	7.319
Sum Required to Balance Budget	11.303	7.266	2.544
Savings - as at Appendix B(i)	-9.303	-3.150	0
Integrated Commissioning Benefit	-2.000	0	0
Budget Shortfall after applying savings	0	4.116	2.544
Budget Shortfall - Cumulative	0	4.116	6.660

Funding

Council Tax

26. Subject to Cabinet and Full Council approval, Council Tax projections have been reviewed and updated to reflect an assumed increase to the referendum level in operation for each year. So these amounts currently are:
- Increase of 2.99% in 2019/20;
 - Increase of 1.99% in 2020/21 and 2021/22.
27. Robustness of collection rates which have been maintained despite the introduction of the Local Council Tax Support Scheme and subsidy rules and the minimum charge of 20% for working age council tax support cases. The projections also reflect net increases in the number of homes which includes the Kingswood development where c2,500 properties are planned over the next 10 years.

Review of Charges for Council Services

28. Fee levels have been set at values consistent with recouping the cost of providing the service and protecting Council revenues whilst ensuring income targets are realistic in the light of the current economic climate. The achievement of income targets will be reflected within the in year monitoring reports, along with the delivery of the approved savings. The proposed charges for 2019/20 are shown at Appendix C.

Business Rates and Enterprise Zones - Uplift in Business Rates

29. The Council is entitled to retain 100% of any increase in Business Rates arising within the designated Enterprise Zones. This additional funding can be used, in

agreement with Local Enterprise Partnership (LEP), to support LEP priorities within the City.

30. The MTFP reflects the planned use of the EZ Business Rates uplift to support the Council's regeneration activities through revenue funding of £4.7 m in 2019/20 (including £2m brought forward from previous years) and £2.7m in future years, with the balance earmarked to fund capital projects as part of the on-going regeneration of the City.

Employer Pension Contributions

31. Following the Triennial valuation of the East Riding Pension Fund as at 31 March 2016, the Actuary advised the value of employer's contributions relating to the funding of future service benefits would be frozen at the rate of 14.8% of pensionable salary for 2017/18 to 2019/20.
32. In line with the Cabinet decision of 18 December 2016 to approve the pre-payment of employer contributions for the period April 2017 to March 2020, the projected employer costs have been reduced to reflect the savings associated with the pre-payment.

Capital Financing

33. The MTFP projections have also been updated to reflect latest information regarding the Capital Programme with Capital Financing Costs revised in line with latest expenditure projections. The projections in this report are consistent with the detail contained within the Capital Strategy elsewhere on this agenda.

Contingencies

34. Service budgets may be subject to further adjustments including the allocation of contingencies / provisions to meet cost pressures. These are technical adjustments which will not impact on approved service levels. Contingencies are shown within the MTFP at Appendix E and shown below at Table 3.

Table 3 – Contingencies to meet cost pressures

	2019/20 £000	2020/21 £000	2021/22 £000
- Energy Inflation (2.5/5/5%)	170	500	825
- Contractual Inflation – non Pay	1,580	3,080	4,580
- Pay Award (- / 2% / 2%)	0	2,070	4,620
- Social care demographic fund	0	3,000	6,000
Total – Contingency Budgets	1,750	8,650	16,025

The 3 Year Medium Term Financial Plan 2019/20 – 2021/22

35. The Medium Term Financial Plan shown in summary at Table 4 and in detail at Appendix E has been developed based on the assumptions discussed above and summarised below.
- i) MTFP reflects successive funding reductions in 2019/20 in line with the 2019/20 Provisional Settlement. Ahead of any indicative data relating to 2020/21 and 2021/22 small increases in funding have been assumed in line with Government indications that public sector funding will increase over the period of the current parliament. There is a risk that funding may be lower than currently modelled and the forecasts may need to be revisited as the government releases information over the coming years
 - ii) Provision of resources to allow pay increases of 2% in 2020/21 and 2021/22 and an increase in non pay budgets to reflect future contractual price increases.
 - iii) Delivery of the budget savings set out in Appendix B(i)
 - iv) Council Tax increases to the referendum limit so currently 2.99% in 2019/20 and 1.99% in 2020/21 and 2020/21.

Table 4 – Summary MTFP

	2019/20 £m	2020/21 £m	2021/22 £m
Expenditure			
Directorates (including Public Health)	223.3	220.5	220.3
Schools	42.0	42.0	42.0
Corporate Budgets (including provisions for pay, prices, pensions)	20.6	32.6	44.4
Net Budget requirement	285.9	295.1	306.7
Funding			
Government Grant / Retained Business Rates	-206.1	-207.3	-210.4
Contribution (to) / Use of Revenue reserves	4.5	3.1	-0.4
Contribution (to) / Use of Capital Reserves			
Council Tax (Increases of 2.99%/ 1.99% / 1.99% increase)	-84.3	-86.8	-89.2
Total Funding	-285.9	-291.0	-300.0
Surplus(-)/Shortfall +	0	4.1	6.7

36. In addition to the assumptions set out above the following factors have also been taken into consideration.

Re-Organisation Budget

37. The Re-organisation Budget provides the means by which the Council can meet both the costs of staffing restructures and provide investment in service provision which supports modernisation designed to impact on the medium term cost base of the Council. The planned budget movements are shown in the table below.

Table 5 Re-Organisation Budget

	£m
Budget 2018/19	4.0
<i>Costs (estimate)</i>	<i>1.0</i>
<i>Funding to meet 2018/19 Overspend (estimate)</i>	<i>0.5</i>
Carry Forward to 2019/20	2.5
<i>Budgeted Use</i>	
- <i>SEND / Edge of Care</i>	<i>1.4</i>
- <i>Other Re-organisation Costs</i>	<i>1.1</i>
Balance	0.0

Transformational Costs (Utilising Capital Receipts Flexibility)

38. The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This Direction allows for the expenditure incurred in delivering revenue savings or service transformation, between 2016/17 and 2021/22, to be treated as capital and not be charged to revenue, subject to generating funding from asset disposals in the same period and Council approval of the planned use of the flexibility.
39. The Council's Strategy is included at Appendix F and reflects a plan to meet £3m of transformation costs from asset disposals during 2019/20.

Schools Funding

40. The Council's financial position is impacted by the way in which schools are funded and the ongoing transfers to academy status. Schools with Academy status, of which the number in Hull is 97 receive all their funding direct from the Government rather than through the Council.
41. This movement to Academy status is reflected in the anticipated Dedicated Schools Grant (DSG) receivable by the Council in 2019/20 of £42.0m compared to the 2018/19 value of £48.9m.
42. The DSG funding and costs must balance over time and, as highlighted in the successive monitoring reports to Members since 2017/18 some amendments to the pattern of expenditure will be required over the period of the MTFP. There is current

projected deficit in year of £500,000 in 2019/20, in addition to an estimated deficit at 31 March 2019, of £2.0m, which will need to be addressed in the Medium Term.

43. The Council is continuing to work with the city's schools on the measures required to meet the needs of children within the available funding envelope. Changes impacting on service delivery will be the subject of future reports to Members

Public Health Grant

44. The Government confirmed in 2017 its intention to reduce the value of the Public Health Grant payable to the Council by 2.5% in each year up to 2019/20 and this is reflected in the MTFP projections.

Reserves

45. General Balances at April 2018 were £7.97 m and the 2018/19 budget, as approved in February 2018, assumed an increase of £5.0m during the year.
46. A detailed risk assessment for the level of reserves is attached at Appendix G. In the light of the required aggregate savings value of c£12.5m over the next 2 years, the cost pressures recorded in 2018/19 and the very real challenges faced by the Council in maintaining services whilst suffering further cuts in funding, the Risk Assessment continues to reflect the need to bolster General (Un-earmarked) Reserves to c£21m by 2020/21. Similarly, given on-going concerns over business rate income, there is a need to set reserves aside to meet the potential impact of Appeals in the future years.
47. A schedule of Reserves movements is included at Appendix H.

Statutory Officer Comments

48. Under Section 25 of the Local Government Act 2003, and CIPFA Code of Practice, the Authority's Chief Financial Officer (s151 Officer) is required to report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed reserves.

Members are required under the 2003 Act to have regard to the Chief Financial Officer's report when making decisions about the budget calculations.

49. **The Director of Finance and Transformation (section 151 Officer) has made the following statement:**

The robustness of the budget estimates and the adequacy of the reserves are largely dependent on the levels of risk and uncertainty. The principal financial assumptions made in the budgets are noted in this report and attached appendices. Budget monitoring throughout the year will be an important tool in identifying at an early stage potential problems so appropriate action can be taken.

The delivery of the planned savings and major business projects is critical to the successful delivery of the Council budget strategy. Current activity provides adequate assurance as to the deliverability the 2019/20 budget with future year forecasts representing realistic planning assumptions which will be subject to review as part of the annual budget setting process.

The budget has been prepared reflecting known service pressures and following through reviews by City Managers of planned savings.

A risk based approach to consideration of the level of reserves is a component of the Council's overall risk management framework. Operational risks should be managed within Services' bottom line budgets and thus will not normally result in a call on the Council's reserves.

Appendix G summarises the significant financial risks applicable to Unearmarked Reserves. The total potential risk to the Council is estimated to be £15m in 2019/20. The Authority's Unearmarked Reserve was £8m at 31 March 2018 and is presently envisaged to be increased to £13m at 31 March 2019, and in the proposed budget it is planned to rise to £19m at 31 March 2020. This is the delivery of the plan to increase the level of reserves, bearing in mind their low level and range and scale of uncertainties and pressures facing the Council over forthcoming years.

Comparison with those authorities most like Hull (the Cipfa 'Nearest Neighbours' family) and with all unitary councils, continues to show that Hull has a relatively low level of reserves when set against the scale of its operations, and also that it is relatively highly dependent on receiving government RSG and grant funding. These issues have been highlighted consistently and have informed reporting and lobbying for a considerable period of time. The latter aspect in particular has informed matters such as the Council's response to the Fair Funding consultation, when, along with many counterparts from elsewhere facing similar position, the case was made very clearly that deprivation and the difficulty of raising income locally should be prime factors driving a new, more equitable, system for the distribution of government funding.

My assessment of the process that has been undertaken set alongside the risk assessment above is that the budget calculations used in the preparation of the budget estimates are fair and robust and reserves are adequate to reflect known circumstances.

50. The Town Clerk (Monitoring Officer) has made the following statement:

The case of R (Buck) v Doncaster MBC [2012] the High Court confirmed that the role of Full Council in relation to the budget process is limited to the allocation of resources to meet the authority's potential expenditure for the next financial year, which enables it to set an appropriate level of council tax.

The Town Clerk considers that the Leader's proposals fulfil the statutory requirements set out below with regard to setting the amount of Council Tax for the forthcoming year and to set a balanced budget:-

S30 (6) Local Government Finance Act 1992 (the 1992 Act)

This section requires that Council Tax must be set before 11 March, in the financial year preceding that for which it is set. Failure to set a budget by this date does not of itself render the Council Tax invalid.

S31A the 1992 Act

This section sets out the calculations to be made in determining the council tax requirement, including contingencies and financial reserves. Failure to undertake the required calculations renders any Council Tax void and unenforceable.

S31B the 1992 Act

This section sets out the detail of the calculations required to meet the Council's obligations as at S31A.

S25 (1) Local Governance Act 2003 (the 2003 Act)

The Chief Finance Officer of the Authority (i.e. being the appointed S.151 Officer) must report to it on the following matters:-

- a) the robustness of the estimates made for the purposes of the calculations; and
- b) the adequacy of the proposed financial reserves.

S25 (2) the 2003 Act

When the Council is considering calculations under S31A, it must have regard to a report of the Chief Finance Officer (being the appointed Section 151 Officer) concerning the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended)

These Regulations set out what are to be the respective functions of Council and of the Executive. With regard to the setting of the budget and Council Tax for the forthcoming year, Regulations provide that the Leader formulates the plan or strategy (in relation to the control of the Council's borrowing or capital expenditure) and the preparation of estimates of the amounts to be aggregated in making the calculations under S31A of the 1992 Act. The approval of such plan or strategy/calculations is the responsibility of full Council.

51. Comments of City Manager for Human Resources

The proposed budget savings this year indicate that there may be redundancies across services. This impacts on the organisations ability to provide services and impacts on those staff who remain in the Council. A full equality impact assessment has been completed for this budget proposal.

The increase in the National Living Wage is likely to create pressure on Local Government Employers to agree pay increases in excess of 1%. Indications at the moment are that it will be around 2% with a loading to lower pay scales for this next year. The following year there may be a redrawing of the payline to accommodate a

higher NLW and therefore the pay envelope may need to increase. Modelling by LGA for our region shows this might be as high as 4%.

52. Comments of Overview and Scrutiny

This report, alongside the suite of other budget reports, was considered by the Finance and Value for Money Overview and Scrutiny Commission at its meeting of 25 January. Comments and recommendations agreed at the meeting tabled at January Cabinet for consideration alongside the report.

Collection Fund and Council Tax Implications

53. The Local Government Finance Act 1992 (as amended by the 2003 Act and the Localism Act 2011) sets out the powers and duties of the Council in setting the annual Council Tax. The key requirements are that:-
- i) Council Tax is set at Full Council.
 - ii) Council Tax is set at a sufficient level to meet its proposed budget requirements for the ensuing year (see Sections 31A and 31B of the Act).
 - iii) The level of Council Tax is set before 11 March to enable circulation of Council Tax bills to enable people to pay on and after 1 April (see Section 30(6) of the Act).
 - iv) The Chief Finance Officer must report on the robustness of estimates and the proposed adequacy of reserves (see Section 25 of the Act and paragraph 56 above).
54. The Council is required to set a Council Tax sufficient to balance the Collection Fund account it maintains. Based on the projections at December 2018 and looking back at the income received in 2018/19, it is forecast that there will be a surplus on this account at year end. The balance is required to be distributed to the contributing or precepting authorities (the Council, Police and Fire & Rescue). Hull City Council's net surplus is forecast to be £0.585 m and will be used in funding the 2019/20 budget as per Appendix E.
55. Under section 52ZB of the Act, each billing authority must determine whether its relevant basic amount of council tax for a financial year is excessive. If an authority's relevant basic amount of council tax is excessive, a referendum must be held in relation to that amount. Using the Governments' principles determined by the Secretary of State under section 52ZC of the Act, the Councils' relevant basic council tax for 2019/20 is not excessive and therefore no referendum is required.
56. The Council approved a Council Tax Base of 61,465 (Band D equivalents) for 2019/20 at its meeting on the 17 January 2019. Given the Council Tax requirement of £84,284,496, the Band D Council Tax proposed for 2019/20 is £1,371.26. This represents an increase of 2.99% over the 2018/19 charge. This is below the limit of

3%, above which the Government require a local referendum to take place to confirm such an increase.

Table 6 Proposed Council Tax Charge per Band

Band	Charge 2018/19	Proposed Charge 2019/20	Increase	Increase per week
	£	£	£	£
A	887.63	914.17	26.54	0.51
B	1,035.57	1,066.54	30.97	0.60
C	1,183.51	1,218.90	35.39	0.68
D	1,331.45	1,371.26	39.81	0.77
E	1,627.33	1,675.98	48.65	0.94
F	1,923.21	1,980.71	57.50	1.11
G	2,219.08	2,285.43	66.35	1.28
H	2,662.90	2,742.52	79.62	1.53
NB These figures exclude the charges for the Police and Fire Services				

57. The precept for the Humberside Police and Crime Commissioner for 2019/20 is £13,725,749.15. When this amount is divided by the approved Council Tax base of 61,465, it gives a Council Tax charge for a Band D property in the Kingston upon Hull area of £223.31. This is an increase of £23.99 or 12% on the 2018/19 charge and is below the £24 level at which a referendum would be required.
58. The precept for the Humberside Fire Authority for 2019/20 is £5,220,837.10. When this amount is divided by the approved Council Tax base of 61,465, it gives a Council Tax charge for a Band D property in the Kingston upon Hull area of £84.94. This is an increase of 2.9% on the 2018/19 charge.

Equality Impact Assessment Analysis

59. Section 149 of the Equality Act imposes a Public Sector Equality Duty on 'public authorities' when exercising public functions to have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
60. Relevant protected characteristics are – age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation and, to a more limited extent, to the protected characteristic of marriage and civil partnership.

61. To 'have due regard' means that in making decisions and in its other day-to-day activities the Council must consciously consider the need to do the things set out in the general equality duty: eliminate discrimination, advance equality of opportunity and foster good relations.
62. The Council will only be able to comply with the general equality duty in relation to a decision, if the ultimate decision maker:
 - understands the Council's obligations under the general equality duty
 - has sufficient information
 - demonstrably takes this information fully into account throughout the decision-making process.
63. The courts have stressed the importance of having due regard before and at the time that a particular policy is being considered, and of exercising the duty with an open mind.
64. This paper demonstrates the actions the Council is taking to ensure due regard is taken before, and at the time that a particular policy is being considered.

Issues for Consideration

65. Due regard is being taken before the budget most notably by;
 - The development of: The budget report 2019/20, the City Leadership Boards; City Plan, The Health and Wellbeing Boards; 2020 Plan, City of Culture delivery and plans
 - Full equality impact assessment/equality impact analysis reports on high relevance proposals
 - Public consultation and engagement through 'Value Hull', 'Peoples Panel', the Youth Parliament, Voluntary and Community Sectors, Chamber of Commerce, together with the Council's governance mechanisms, such as Area Committees & Scrutiny Commissions.
66. The 2018/19 Budget is set against the progress of the City Plan launched in July 2013. The City Plan is based on a huge evidence base that demonstrates that if the Council focuses on 'Regenerating Hull and Creating jobs and new industry' this will have the most positive impact on our general equality duty.
67. The City Plan aims have enabled services to prioritise what has the most positive impact on protected equality groups, therefore budget proposals are presented with consideration of what will have least negative impact and where this may occur, mitigation is given.
68. Further the 2017 City of Culture has impacted positively on eliminating discrimination, harassment and victimisation and on fostering good community relations for all protected groups. Programmes are in place to ensure that the benefits from this once in a life time opportunity continue to be targeted accordingly to realise these positive outcomes.

69. The significant majority of savings to be delivered during 2019/20 were agreed within the 2018/19 budget in February 2018. Individual equality impact assessments were completed during their development and approval processes. Each of these programmes identified mitigating actions, which will continue to be monitored during their implementation with appropriate actions being taken to reduce adverse impacts.
70. It should also be recognised, that there will be positive impacts too from investment in capital projects supporting such as Housing Regeneration, Visitor Destination, Highways, A63 Bridge and infrastructure improvements which will particularly benefit older and disabled people. ICT improvements will likely mean better access for staff and customers particularly disabled, younger people and women.
71. In response to ongoing changes in services design and delivery, services will continue to consider 'due regard' for equality and demonstrate this via Equality Impact Analysis assessments when reviews take place, these are to be quality assured by the Equality Policy Team so they are available to Members for decision making.
72. The EIAs will be developed in consultation with stakeholders such as Elected Members, Trade Unions, protected groups, customers and users of services/policies.

Councillor Stephen Brady, Leader of the Council

Contact Officer – David Bell Tel. 01482 613084

Officer Interests: *None*

Background Documents:

(i) MTFP Cabinet Reports December 2018 / July 2018

Implications Matrix

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant City Manager	n/a
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	n/a
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have included information about how this report contributes to the City Plan/ Area priorities within the report	Yes