

Agenda item:

[No.]

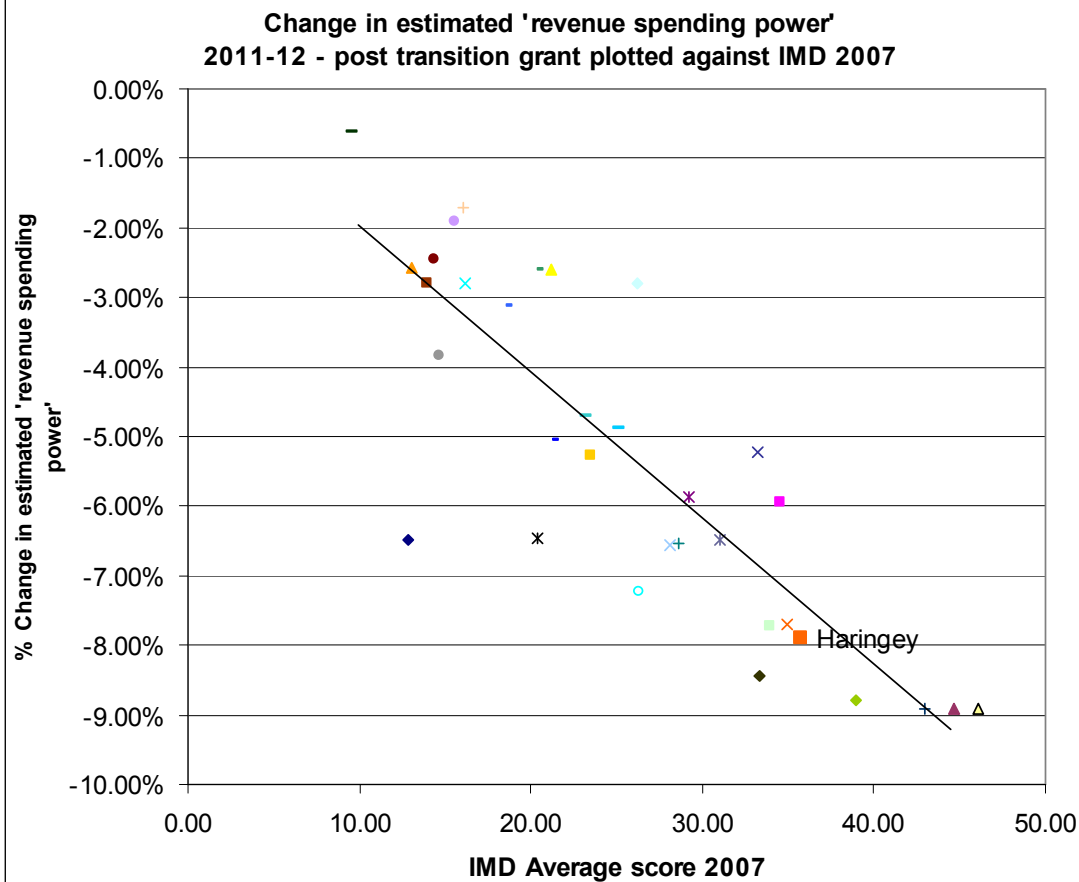
Full Council

On 24 February 2011

Report Title: Medium Term Financial Planning 2011-12 to 2013-14	
Report of: Director of Corporate Resources	
Signed :	
Contact Officer : Kevin Bartle, Lead Finance Officer	
Telephone: 020 8489 5972	
Wards(s) affected: ALL	Report for: KEY
<p>1. Purpose of the report (That is, the decision required)</p> <p>1.1. To approve the final budget and council tax for 2011-12. The housing rent increase is also recommended for approval from 1 April 2011.</p>	
<p>2. Introduction by Cabinet Member</p> <p>2.1. It feels worth repeating, that the scale of these Government cuts mean that Haringey will face the largest cuts since its inception. We stand opposed to the depth and speed of cuts, not just to ourselves but to the public sector. We reject the notion that the level of these cuts are either necessary, prudent, or without harm. To give an idea of the scale of these cuts, we will see the level of public spending as a proportion of GDP reduced to levels lower than were even witnessed during the era of Thatcher's premiership. In fact these cuts are amongst the highest of any G20 country, and higher than those demanded of Ireland and Greece, which are in a much more economically perilous situation than that of the UK, as measured by the differential price in the bond markets.</p> <p>2.2. I feel it necessary to highlight this, because we believe that the cuts are not only too fast and too deep for the Council, but we believe they will be damaging to the economy as a whole, both locally and nationally. In particular I am deeply concerned</p>	

about the last quarter's GDP figures and the impact this is likely to have in Haringey, which is already suffering from among the highest levels of unemployment in London.

- 2.3. We believe these cuts deny the opportunity for growth and with it the opportunity to close the deficits through the increased revenues the Treasury receive as economic activity increases. We endorse the view from a wide number of institutions that the Government needs to develop a Plan B and reverse these cuts, and remain disappointed by the lack of vision of how we are going to drive growth in our economy, and dismayed that there is still to date no Growth White Paper as promised.
- 2.4. The most extreme impacts of this directly impact on our financial plan with a need to ensure we meet our statutory obligations to service the increased demand on services from the most vulnerable in families. For example the IFS says that the government budgets will see the first rise in child poverty in 15 years, with the number of people entering absolute poverty in the next three years of 900,000. Given this, any claim that the Spending Review represents an agenda of fairness requires us to adopt a definition of that word that we simply don't recognise.
- 2.5. We had hoped that the government would phase the cuts in a manner which would enable us to transition the Council's services more smoothly and with minimum harm to services, but the front loading of cuts now means that we are required to find almost a half of our savings next year alone, in addition to the unprecedented in-year cuts which have required us to deal with lost monies of £17m.
- 2.6. The settlement will require Haringey Council to save £41m next year alone and a total shortfall of £84m over the next three years. This essentially means that for every £10 we had, we will only have £6.50, which would be painful on any household budget, let alone the Council's. The notion that these levels of savings can be found easily and without detriment to vital services and to the good people of our borough is to deny fact. Already I have been moved by some of the submissions I have received from residents across the borough during the consultation, and they stand as a testament against the notion that the public sector can do no good, that they represent poor value for money, and that they make no difference to people's lives.
- 2.7. Given my responsibilities on sustainability the changes to the carbon reduction commitment to a carbon reduction tax cannot pass without comment. This feels like an extremely disappointing and regressive measure. Given the need to reduce carbon emissions in the public sector it is hoped revenues derived should be ring fenced for re-investment for initiatives to deliver greener public services.



2.8. Perhaps most shocking of all is the fact that the government has decided to essentially redistribute resources from councils with high levels of deprivation to other areas. This report highlights the governments own figures on this, where the impact on Haringey's spending power is over 3000% higher than for example Dorset County Council. This creates the real double whammy of the spending review, which has ultimately created more pressure on and removed more resources from populations that serve more deprived and more vulnerable communities. In particular the brutal fact is that the government have in all handed the deepest cuts to those boroughs suffering from the deepest levels of deprivation.

- 2.9. I feel that as well as the severe reductions to our services, I also feel compelled to highlight the significant reductions in capital funding which will deny us much needed investment in our borough. In particular we expect this to dramatically impact on our regeneration and housing programmes. The 75% reduction to the decent homes programme nationally is yet another example of an economically and socially backward policy that will hurt the most vulnerable and undermine the fragile construction sector which provides jobs for many in our borough.
- 2.10. We stand opposed to these cuts. The speed and depth have left the Council with very little room for manoeuvre, and very few choices. The extremely late disclosure of our settlement, and the lack of information that has been forthcoming from the Department of the Communities and Local Government have been extremely unhelpful to our ability to identify all the savings at this stage of the budget process. Given the scale of cuts we wanted to ensure residents the maximum opportunity to shape the future of our borough and to ensure we identified the services and activities of most value to residents. The large bulk of the savings will force us to make a fundamental restructuring of our organisation, which will see a high level of job losses which have already been announced. If it is the shared ambition of the Coalition Government to ‘unleash “chaotic” effects across local communities’ as suggested recently by Nicholas Boles MP, they have certainly succeeded.
- 2.11. The Medium Term Financial Plan sets out how we intend to remove the £41m from our budgets. We have as a Council prioritised cuts to our back office in order to protect as much as possible our frontline services. We have where possible, sought to join up services, to deliver them smarter, and we are also pursuing shared services to drive efficiency savings in partnership with some of our neighbouring boroughs. However, too much store is being placed on such measures and to suggest that these are a panacea for dealing with this savagery ignores the sheer scale of the cuts being inflicted on both Haringey’s budget and those of the sector as a whole.
- 2.12. Sadly, these cuts, and in particular the frontloading of them, mean reductions to services are simply unavoidable, and we have no doubt that that this will impact on residents, on our workforce, on the strength of the voluntary sector and other third party providers, and on our local economy. Coupled with cuts to the police, schools and the NHS, we are committed to making sure we face into the challenges in Haringey, with our partners.
- 2.13. To this end, I am dismayed by those who continue to talk about ‘soft cuts’ without being able to give this term clear definition. We don’t recognise this term, and I believe it is offensive to the people who work hard to deliver these services, and more importantly those people who value receiving it.
- 2.14. The Coalition Government continue to demand of local councils that we behave more like businesses, and in doing so they completely ignore the role of local government, and our public sector partners in our purest economic terms –

namely, the risk-takers of last resort – providing and/or guaranteeing key services the private sector cannot. In doing so they create a false trichotomy between the public, voluntary and private sectors.

- 2.15. Even so, if the government requires us to behave more like a business, they need to get serious about giving us the same sort of flexibilities the private sector enjoys. In particular, the refusal by the government to allow us to capitalise the restructuring and redundancy cost associated with reducing our budget to the required level makes this a high risk budget which will severely deplete our reserves, and make it extremely difficult to deliver further savings unless the government change their position on this. In short this has meant that it will cost us in excess of £5 for every £10 we cut over the coming year.
- 2.16. We have listened to the residents of this Borough, and are warmed by both the quantity and tone of response. In shaping our response we are determined to honour our belief and our commitment to One Borough, One Future.
- 2.17. Specifically, Haringey stands as the most unequal Borough, in what is the most unequal city in the developed world, with levels of inequality not seen in the UK since the 1920's (not coincidentally in our view – just before the Great Depression), and not seen in London for 200 years. We believe the impacts of these are not just felt by the most vulnerable, we believe it undermines community trust, and most of all it undermines the sustainability of our economy – making it more difficult for us to consume that which we produce, driving down economic growth.
- 2.18. We are proud of some of the achievements we have made over the last 13 years – a rise in education standards and performance, reduction in poverty and child poverty, and a rise in employment. But we still have much to do – which is why we have set out our determination to tackle inequality head on – because we believe it will create a more prosperous, thriving, borough for all of us to work, live and enjoy. We have no doubt that this will be made more challenging within the current settlement, and under current measures that will see the first rise in absolute poverty in 15 years, but we are undeterred and committed to our role as an activist Council, working hard for its residents, with an ambition to work with our partners to create that better future for Haringey.

3. Recommendations

- 3.1. To note the earlier debate on the 'state of the borough' and the proposed budget package agreed by Cabinet on 8th February 2011.
- 3.2. To approve the Medium Term Financial Plan to March 2014 as attached in Appendices 1 and 2.
- 3.3. To note the final housing rent subsidy determination and approve the proposed Housing Revenue Account budget and average rent increase of £5.36 per week

(6.5%).

- 3.4. To note the Greater London Authority precept.
- 3.5. To approve the reserves policy attached as Appendix 3.
- 3.6. To approve the level of un-earmarked general fund reserves of £10.5 million and specific and other reserves as set out in Appendix 4.1.
- 3.7. To note the Budget Scrutiny Recommendations made by the Overview and Scrutiny Committee and the response of Cabinet set out in Appendix 12 to the Cabinet Report of 8 February 2011.
- 3.8. To pass the budget resolution in the specified format as set out in Appendix 5 and the consequent freeze in council tax.
- 3.9. To approve the revised Treasury Management Strategy Statement attached as Appendix 6.

4. Executive Summary

- 4.1. This report finalises the Council's Medium Term Financial Plan for the period 2011-2014 and proposes a council tax freeze for 2011-12. The Housing Revenue Account budget is finalised with a recommended average rent increase of £5.36 per week (6.5%). The report also seeks approval for the Reserves Policy and the revised Treasury Management Strategy Statement.

5. Reasons for any change in policy or for new policy development

- 5.1. The budget is designed to deliver the Council's existing policy framework.

6. Local Government (Access to Information) Act 1985

- 6.1. The following background papers were used in the preparation of this report:
 - Report of the Director of Corporate Resources to Cabinet on 8 February 2011 on the proposed Medium Term Financial Plan.
 - The report of the Director of Corporate Resources to General Purposes Committee on 11th January, Cabinet on 25th January and Audit Committee on 3 February 2011 on the proposed Treasury Management Strategy.
 - The Local Government Finance Settlement for 2011-12 (Final) and 2012-13 (Provisional)

The final local authority finance settlement is accessible at:

<http://www.local.communities.gov.uk/finance/1112/grant.htm>

7. Background

7.1. On 8 February 2011 the Cabinet proposed to the Council a Medium Term Financial Plan (MTFP) with a total budget requirement for 2011/12 of £255.721m with an additional £204.67m in Dedicated Schools Grant and an estimated £4.4m in Pupil Premium. This was subject to the decisions of levying and precepting authorities. The report highlighted the need to find £83.7m of savings over the three year planning period of which £41.1m needed to be found in 2011-12. The Cabinet report and budget package is the subject of debate at this Council meeting.

7.2. This final report considers:

- the final grant settlement, rent subsidy determination and other changes;
- decisions of levying and precepting authorities;
- the robustness of the Council's budget process;
- the adequacy of the Council's reserves, and;
- the revised Treasury Management Strategy Statement.

7.3. The report concludes by presenting the budget resolution to set the council tax for 2011/12.

7.4. The report is supported by six appendices:

- Appendix 1 – summary Medium Term Financial Plan to March 2014;
- Appendix 2 – detailed analysis of the Medium Term Financial Plan by service area;
- Appendix 3 - the Council's Reserves Policy;
- Appendix 4 – Reserves and Risk Evaluation
 - Appendix 4.1 – Reserves and their Adequacy
 - Appendix 4.2 – Risk Evaluation
- Appendix 5 - the formal budget resolution;
- Appendix 6 - the revised Treasury Management Strategy Statement.

8. Key developments

8.1 Final settlement and other changes

8.1.1 The final local government finance settlement, which was announced on 31 January, was incorporated in the report to Cabinet on 8 February 2011. There have been no funding announcements or the provision of other information that would change the key assumptions reflected in the Medium Term Financial Plan (MTFP), the Housing Revenue Account (HRA) or the Capital Programme.

8.1.2 Such changes that do occur after the budget has been approved will be reported to Cabinet as part of the normal budget monitoring and financial plan review processes.

8.2 Levying bodies

8.2.1 The Board of the North London Waste Authority met on 9 February 2011 and agreed an overall levy of £43.5m for 2011-12 of which £6.8m is the levy to this Council (£6.6m 2010-11). This represents an increase of 3.8% which is fully reflected in the MTFP.

8.2.2 The levy from the London Pensions Fund Authority in respect of residual employer liabilities has reduced by £30k. However, there are still significant risks around the deficit on the pensioner sub-fund and increased contributions may be required.

8.2.3 The other levying bodies have all reduced their charges for 2011-12 largely in response to the budget reductions being faced by local authorities. The size of the reductions varies and some organisations are phasing reductions over the next 3 years. The reductions have been factored into the budget proposals for 2011/12.

8.3 The Greater London Authority precept

8.3.1 The Greater London Authority (GLA) will set its precept on 23 February 2010. The band D rate proposed by the GLA is £309.82, which represents a freeze on the precept for the current year. Whilst it is anticipated that this precept will be agreed by the GLA and has been incorporated in the formal Council tax resolution attached as Appendix 5, any change to that position will be reported to the council meeting by a tabled report.

8.4 Consequential changes

8.4.1 The above factors have not affected the Council's total budget requirement which is £255.721m, as previously reported to Cabinet, with an additional £204.67m in expenditure on schools funded by the Dedicated Schools Grant and an estimated £4.4m from the Pupil Premium. The budget requirement represents a 7% decrease over the previous year.

8.4.2 The Haringey part of the Band D council tax is £1,184.32 (a freeze compared to the 2010-11 level) and the overall Band D council tax, including the GLA precept, is £1,494.14 (again an overall freeze compared to 2010-11). The Medium Term Financial Plan that supports the net budget requirement is shown in summary in Appendix 1 with a service analysis in Appendix 2.

8.4.3 The Council operates a medium term financial planning process and therefore considers draft budgets and council tax levels for the years 2011-12 to 2013-14. The budget for 2011-12 is shown as balanced with all savings proposals clearly identified. The latter two years include target savings of £21.3m which have yet to

be identified and reflect the expected on-going reductions in public spending, for which detailed plans for delivery will need to be worked up in the coming year.

8.5 Council Tax Capping

8.5.1 A written Ministerial Statement on Council Tax capping principles for 2011/12 advises that the Secretary of State for Communities and Local Government “will consider an authority to have set an excessive increase if:

- (a) the amount calculated by the authority as its budget requirement for 2011/12 is more than 92.5% of the authority’s Alternative Notional Amount; and
- (b) the amount calculated by the authority as its Band D council tax for 2011/12 is more than 3.5% greater than the same amount calculated for 2010/11.”

8.5.2 As the Cabinet’s proposals are for a zero percentage increase in council tax in 2011/12, the Council would not face capping on the recommendations in this report.

9 **Robustness of the budget process**

9.1 The Chief Financial Officer is required by section 25 of the Local Government Act 2003 (the 2003 Act) to report on the robustness of the estimates made for the purposes of final budget calculations.

9.2 The Council’s budget process is defined at the strategic level by the Council’s key priorities aligned to the Community Strategy. These priorities are given effect in the Council Plan through the business planning process. This is underpinned at the detailed level by business plans for the year ahead as part of the strategic service planning process.

9.3 The strategy for dealing with the considerable budget gaps from 2011-12 onwards is well advanced resulting in a balanced budget for 2011-12 with further savings to be found in the following two years of the of the medium term financial plan. There are three key strands of the budget process which have been developed through the Haringey Efficiency and Savings Programme (HESP):

- Significant ‘back office’ efficiencies will be achieved through the ‘**support functions review**’ in order to protect front line services as much as is possible;
- Services to be reduced or discontinued will be identified in the ‘**strategic service reviews**’; this will involve prioritising resources to the most vulnerable in the Borough and other changes could include reconfiguration, shared services, social enterprises, reviewing policy options and discretionary areas of spend.
- We will bring together commissioning activities by developing a ‘**strategic commissioning**’ function that will focus our resources on desired outcomes over and above delivery and process.

In addition the Council is undertaking a major organisational restructuring, which will include reducing the number of managers through de-layering and increasing spans of control.

- 9.4 These strands will need to be continued with rigour and pace to address the further savings that are required in 2012/13 and 2013/14 (£42.6m in total). The MTFP has already identified savings of £21.3m and a further £21.3m is therefore required over the period.
- 9.5 It is planned to take a more transformational approach to the savings required in 2012/13 onwards, as it will be possible to have a longer lead in period to the savings required than has been possible for the 2011/12 savings.
- 9.6 Given the scale of the organisational changes necessary to achieve over £40million of savings in one year, implementation delays alone could be £3.5m per month across the full range of savings. With this in mind it is considered appropriate to hold a designated £2m contingency in the budget in addition to general balances. However, it is recognised that the position is very challenging and it is suggested that more savings are identified for realisation in 2011-12 over and above those identified in this report. This will assist in mitigating the risks and help prepare for 2012-13. The outcome will be reported to Cabinet as part of the regular budget monitoring process.
- 9.7 It must also be recognised that there are costs associated with delivering a savings and efficiency programme of this scale. The Council will need to use its reserves to fund the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change. Paragraph 10 below considers the adequacy of the Council's reserves.
- 9.8 Indeed, the Council has already asked staff to volunteer for redundancy with the total redundancy costs of approximately 1,000 staff likely to be around £25m.
- 9.9 The transition costs will be kept under constant review and reported to Members as the position is clearer and as part of the overall budget monitoring process.
- 9.10 The budget proposals have been subject to detailed consideration in the budget scrutiny process at Overview and Scrutiny Committee and were the basis for wider consultation, including with residents, on the budget options.
- 9.11 The budget process is also complemented by the regular cycle of budget management and performance review. This involves regular detailed evaluation of budget, performance and workforce information at both officer and Cabinet Member level. The Council's risk management process also underpins, and is reflected in, all the above activities.
- 9.12 The budget process was discussed in the report to the Cabinet on 8 February 2011. That report also set out the major financial risk areas, which needed to be taken into

consideration. The Chief Financial Officer is satisfied that the above constitutes a robust process for the derivation of the calculations set out in this report.

10 Adequacy of Reserves

10.1 Section 25 of the 2003 Act also requires the Chief Financial Officer to report on the adequacy of proposed reserves. To ensure that resource decisions are soundly based and consistent, the reserves policy is appended for approval.

10.2 It is projected that the Council will have un-earmarked General Fund Reserves of £10.5million as at 31 March 2011 (the same as at 31 March 2010). This assumes that the forecast overspend in 2010/11 is reduced and a balanced position for the year is achieved. Given the scale of the savings being proposed as part of the MTFP and the significant risks identified in the covering report to Cabinet, it is proposed that reserves should not be used to fund on-going expenditure and, where possible, earmarked reserves should be maintained.

10.3 The Council holds a number of reserves which are detailed in Appendix 4.1 and can be categorised as follows:

1. Un-earmarked (General) Reserves: these are held to cover the net impact of risks and opportunities and other unforeseen emergencies.
2. Earmarked (Specific) Reserves: these are held to cover specific known or predicted financial liabilities.
3. Other Reserves: these are reserves which relate to ring-fenced accounts which cannot be used for general fund purposes (e.g. Housing Revenue Account and Schools).

The summary in Appendix 4.1 also shows the projected movement on the reserves for both the current financial year 2010/11 and additionally 2011/12.

10.4 It is imperative that the un-earmarked general reserves are adequate to meet the assessed net financial impact of the risks and opportunities. This assessment is set out in Appendix 4.2 and shows service related risks of around £10m.

10.5 Thus the un-earmarked reserves of £10.5m brought forward from 2009-10 is estimated to be adequate to meet the Council's current projected net risks and opportunities.

10.6 The Council is facing potential redundancy costs of an estimated £25m as a result of the staffing reductions implicit in the savings proposals in respect of 2010/11 and 2011/12. Although the Council has an earmarked transition reserve to meet these costs it will not be sufficient. Redundancy costs can be capitalised with government approval.

10.7 The Council has received approval for £780k for 2010/11 and is still waiting to hear if any further capitalisation for 2010/11 will be forthcoming. Approvals for 2011/12 will not be known until after the budget is set. Indications are that approvals are

substantially below the sums requested by authorities. The extent to which the Council is denied the opportunity to capitalise redundancy costs means that revenue reserves will need to be utilised. The Council only has the transition reserve and debt repayment / capital reserve available and it is proposed that these are earmarked to fund redundancy costs as set out below:-

<u>Proposed funding of Redundancy Costs</u>	
	£m
Transition Reserve	10.0
Debt Repayment / Capital Reserve	13.0
Capitalisation – approved 2010/11	0.70
Capitalisation – estimated 2011/12	1.30
Total	25.0

The use of the debt repayment / capital reserve will reduce the Council's flexibility regarding the capital programme and the refinancing of debt. It will also take away contingency sums earmarked for the risk on the recovery of Icelandic bank investments. If capitalisation approval for redundancy costs is received, the debt repayment / capital reserve will be partly or fully reinstated.

11 Treasury Management

- 11.1 The Treasury Management Strategy Statement (TMSS) for 2011/12 was recommended for approval by full council by General Purposes Committee on 11th January and subsequently by Cabinet on 25th January. Additionally, the Audit Committee on 3 February 2011, as part of the scrutiny process and in accordance with the CIPFA Treasury Management Code of Practice, considered the proposed strategy and did not make any recommendations for revision. The report set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.
- 11.2 The key factor underpinning the strategy for 2011/12 is that short term interest rates are expected to remain very low throughout the year in contrast to medium and long term rates. This means that there will be a "cost of carry" if funds are borrowed in advance of capital expenditure being incurred. Therefore the Council anticipates continuing to run a strategy of keeping cash balances low and investing short term, so only borrowing when required.
- 11.3 Some limited additions to the Council's lending list were proposed in order to provide some further investment capacity. These proposals were put forward having taken advice from the Council's treasury management advisers and were deemed prudent enough to ensure the credit rating of the Council's investment portfolio remains high.
- 11.4 The proposed prudential indicators set out in the report were based on the capital programme as detailed to Cabinet on 8 February 2011. They do not reflect the

funding of Decent Homes or any capital grants that may be forthcoming in lieu of supported borrowing. The government have not yet made clear how much will be allocated to the Council or how it will be funded. Once this is clear, the prudential indicators will need to be revisited and if necessary revised. Any revisions to the indicators will need to be approved by full Council.

- 11.5 Since the report to Cabinet in January a few minor adjustments have been made to the TMSS which are reflected in Appendix 6. The adjustments are an up dated position on the level of capital expenditure in 2010-11; a change to the proposed method of funding the capital programme in each of the next three years; a reduction in the level of unearmarked reserves as a result of the potential need to fund redundancy costs from revenue reserves rather than through capitalisation (see paragraphs 10.6 and 10.7 above); and, the level of debt reduction which is now likely to result from the government's proposed changes to the housing subsidy system ('Self Financing' Proposals).

12 Summary and conclusions

- 12.1 This report finalises the 2011/12 budget and proposes a council tax freeze. The recommended average rent increase is £5.36 per week (6.5%) in line with the government formula. The level of reserves is also reported and is considered to be adequate.
- 12.2 The Council, nevertheless, continues to face an incredibly challenging budget savings programme, representing as it does over 14% of the Council's net expenditure: and all to be achieved within a twelve month period. Savings of this magnitude will have a profound impact on the level of service provision that can be provided to residents and local businesses and the way in which those services are delivered.
- 12.3 As the MTFP indicates, the government's current spending plans will continue to put strains on the Council's available funding, notwithstanding the new 'freedoms and flexibilities' promised through the localism agenda. The current projected savings still to be identified in 2012-13 and 2013-14 total a further £42m. Recent growth figures announced for the national economy suggest that the country is still a long way from seeing an economic recovery.
- 12.4 This will mean that the level of demand for the Council's services, particularly from the most vulnerable in our society, will continue to increase the spending requirement whilst the available resources continue to be squeezed.
- 12.5 The current proposed Medium Term Financial Plan reflects those risks (and to a lesser extent opportunities) that can be realistically assessed at this point in time. However, the scale of social change that will be driven by the Government's proposals from its Spending Review will mean that the Council will need to review on at least a quarterly basis the robustness of the key planning assumptions and be prepared to adjust the plan accordingly.

13 Equalities Impact Assessment and Consultation

- 13.1 The Council must pay due regard to its public sector equality duties with regard to race, gender and disability and should also take into account the provisions of its equality scheme with regard to age, religion or belief and sexual orientation.
- 13.2 Prior to the making of any final decision the Council will assess the impact of the budget proposals by conducting Equality Impact Assessments (EqIAs), starting with an initial screening which considers whether there is a need for a full EqIA. The Council has an established EqIA corporate process, tools and guidance in place whereby relevant managers have responsibility for undertaking the impact assessment, Directorate Equality Forum Chairs ensure that EqIAs are completed and make recommendations for sign off by directors. A key element of the Council's EqIA process is consultation and engagement with the public, service users, community groups, the voluntary sector and our partners. All final decisions on proposals that require an impact assessment must take into account the outcomes and recommendations of the EqIA.
- 13.3 Accordingly the outcomes and recommendations of EqIAs should form the Equality/ Legal comments in any report. EqIAs are published on the Council's website and where practicable, they are appended to the relevant reports. Actions arising from EqIAs are included in departmental business plans to ensure that these are implemented and progress monitored.
- 13.4 The circumstances of the proposed reduction in future funding to Third Sector organisations require the Council to consult such organisations before coming to any final decision regarding such funding. The indicative criteria to be applied by all Directorates both in the consultation concerning and in the determination of the future funding of Third Sector organisations, and other organisations where appropriate were set out in the report to Cabinet on 8 February 2011. Each Directorate will tailor these criteria to its particular needs and will apply them initially on an indicative basis for the purpose of consultation. Each Directorate will consult appropriate organisations following the application of its detailed criteria. The responses to the consultation will be taken into account in making the final determination, including any relevant comments concerning the detailed criteria themselves. Equality Impact assessments will be completed, and taken into account, where these are considered appropriate before final decisions are taken by the Council.

14 Comments of the Head of Legal Services

- 14.1 The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of proposed financial reserves. This must be preceded by a robust and

comprehensive Medium Term Financial Plan. The report indicates to Members that a process of consultation is currently underway on the HESP proposals for savings which will involve relevant groups of the community, service users and staff. The Council must have due regard to its public sector equalities duties when taking final decisions on the savings proposals and this in appropriate cases will include the carrying out of equality impact assessments and considering the results of these before taking final decisions. Members are reminded that in cases where a proposal involves a change to arrangements to meet a statutory duty, members will need to be assured before taking a final decision that the proposals for an alternative means of meeting that statutory duty are adequate.