



REPORT OF:	DIRECTOR OF FINANCE AND ORGANISATION DIRECTOR OF PEOPLE
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TO:	EXECUTIVE
DATE:	8 NOVEMBER 2018
EXECUTIVE MEMBER:	COUNCILLORS M BRUNT, T SCHOFIELD and G KNIGHT

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	ALL

SUBJECT:	SERVICE & FINANCIAL PLANNING 2019/20 INCLUDING COUNCIL TAX REDUCTION SCHEME
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RECOMMENDATIONS:

- (i) that the national and local service context at Annex 1 be noted
- (ii) that the service proposals set out in this report and the accompanying Annex 2, which seek to respond to this context and deliver our corporate priorities, be endorsed;
- (iii) that the following be approved for consultation under the Council's budget and policy framework:
 - a) Medium Term Financial Plan (Annex 3)
 - b) Savings and income totalling £1.229m (Annex 4)
 - c) Growth totalling £2.620m (Annex 5)
- (iv) that the Director of Finance & Organisation be authorised, in consultation with the Leader of the Council, to make any necessary changes to the Corporate Business Plan arising from the service and financial planning changes agreed for 2019/20;
- (v) that the Executive recommends to the Council the adoption of a local Council Tax Reduction Scheme for 2019/20 as outlined in this report

REASONS FOR RECOMMENDATIONS:

Recommendations (i) to (iv): To ensure that the Council continues to plan and manage its resources well, deliver high standards of service and meet the aims and objectives of its adopted Five Year Plan 2015-2020.

Recommendation (v): The initial local Council Tax Reduction Scheme was introduced from 2013/14 and has been effective in reducing the level of support awarded whilst ensuring that those residents who are most vulnerable are not penalised unfairly. It is therefore appropriate that it is continued with some changes to reflect increases in the cost of living

in line with other benefits and allowances.

EXECUTIVE SUMMARY:

Service & Financial Planning

The primary objectives of the service and financial planning process are to ensure that the Council continues to be financially sustainable, and that we are able to effectively deliver our services and corporate priorities.

Reigate & Banstead Borough Council is recognised as being a leading local authority that delivers high quality services.

In 2015, we adopted 'Our Five Year Plan' which sets out the organisation's vision and corporate priorities, and has informed Council decisions at every level. It is ambitious, focusing on making the borough a great place to live and work and supporting our residents and businesses to thrive.

We have delivered against this plan, maintaining and improving the quality of our service provision, whilst also making substantial savings.

We now receive no Revenue Support Grant from Government. In addition, 2019/20 will see a reduction in the amount of business rates the Council is able to retain of £1.5m, creating further financial pressures on the organisation. Despite these pressures, the 2019/20 budget proposals presented in this report seek to continue to build on the positive and proactive approach to service provision that we have taken in recent years.

They are based on analysis of a range of data and evidence, and the result of extensive discussions between the Executive and Management Team over past months. This report provides a condensed version of those discussions, describing the national and local context which has informed them, and the service change proposals which have been put forward in response.

The provisional budget proposals set out within the report include net savings/income of £1.229m, and total growth of £2.620m (including £1.079m of salaries previously funded from reserves being transferred into the base revenue budget)

2019/20 represents a particularly challenging year for our financial planning given the dramatic decline in business rates receipts that we are faced with.

However, the Council is in a strong position to respond, having planned for this decline. In recent years, we have established ring-fenced reserves to respond to just this challenge; and our programme of property acquisition continues to deliver new revenue income for the Council.

This means that in 2019/20 we will be able to manage our budget challenge without compromising our financial sustainability (or ability to deliver high quality services) in this or future years. The balance will be taken from the most suitable reserves.

Use of reserves represents a short term tactic. The Council cannot be complacent, and we will need to continue to work towards becoming a more commercial organisation and generating new income to secure long term financial stability. Our 2019/20 proposals recognise that we need to invest in our skills and staff to achieve this.

If the Executive accepts the budget recommendations in this report, further work will be undertaken over the coming months to test and refine the proposals, including consultation with the Overview & Scrutiny Committee's Budget Scrutiny Panel. This will ensure that the Council adopts a balanced budget for 2019/20 and is in the best position to continue to

provide the high quality services our residents and businesses expect.

Council Tax Reduction Scheme

Since the abolition of the national Council Tax Benefit scheme in 2013, Councils must agree local Council Tax reduction schemes annually. This report recommends that current arrangements are continued for 2019/20. The scheme provides protection for vulnerable residents and provides work incentives for people on low earnings. It should be noted that the former national scheme is still effectively in place for residents of pension age.

**Executive has authority to approve the recommendations (i) to (iv).
Recommendation (v) is subject to approval by Full Council.**

STATUTORY POWERS

1. Service & Financial Planning: The Local Government Act 1992 places a requirement on Councils to set a balanced budget and announce its Council Tax levels by 11 March each year. The Local Government Act 1972 requires the Council to set the associated annual budget as part of proper financial management. This report is part of that process.
2. Council Tax Reduction Scheme: Section 13A(2) of the Local Government Finance Act 1992 (as amended) requires billing authorities to make a reduction scheme for persons in financial need or classes of persons who the authorities considers – in general – to be in financial need. Section 13A(1)(c) of this Act gives billing authorities the power to reduce a liability to an extent that is seen fit.

SERVICE & FINANCIAL PLANNING

SERVICE CONTEXT

3. It is important that our service plans respond to the context in which they will be implemented, in order to provide effective services that meet the needs of our residents, communities and businesses. The following sub-sections set out the local, national and regional context that has informed our service plans.

Our Five Year Plan

4. Successful organisations require strong forward plans if they are to perform at the highest level. The Council has an adopted Five Year Plan setting out its priorities, aims and objectives for the period 2015-2020. This Plan sets out the organisation's vision and corporate priorities, and has informed Council decisions at every level. It defines our vision for the future:

"A leading Council recognised by our residents, peers and partners. We will: Deliver quality services and support; Provide value for money; Make the borough a great place to live; Be flexible and sustainable, responding to the needs and demands of our borough, residents and businesses; and Be an increasingly commercial organisation"
5. The Five Year Plan seeks to deliver against this vision with priorities grouped around three themes, People, Place and Organisation. These priorities have been taken into account in developing the 2019/20 service and financial planning proposals.

6. A revised Corporate Plan is currently being developed for the period 2020-2025, and will inform service and financial planning in future years.

National and regional context

7. Legislation, policies from national government, and decisions made by partner organisations (e.g. Surrey County Council), will continue to have a significant effect on our residents, and therefore on the support and services that we provide. **Annex 1** provides a summary of the international, national and sub-national context within which this Council will need to operate in 2019/20.
8. In addition to this wider policy context, national funding decisions will impact on the Council's longer term financial planning:
 - a. 2019 Spending Review: The Government's planned 2019 Spending Review will fall partway through the 2019/20 period. Departmental funding decisions are likely to impact on future funding for both the Council and other public sector partners.
 - b. Fair Funding Review: The Government is currently reviewing how baseline funding allocations for local authorities are calculated; with the intention that a new methodology be implemented in 2020/21. Whilst it is currently unknown what the implications of this review will be, it is unlikely to result in additional funding for lower tier authorities, given the recent focus on financial challenges around social care.
 - c. Business rates reform: This has been trailed for some time, but progress continues to be slow. Re-setting the business rates retention baseline is anticipated in 2021, but (as with the Fair Funding Review) it is likely that this will be to the financial detriment of this Council.
9. Surrey County Council (SCC) continues to face severe financial constraints. This is already impacting a range of statutory and non statutory services, from social care to highways and parking, to support for socially excluded groups and the voluntary sector. The County Council is implementing £66.5m of cuts in 2018/19 and planning for estimated additional £50m of cuts in 2019/20, including within the Adult Social Care service, and the Children, Schools and Families service.
10. SCC service reductions will impact on residents in this borough, and make it even more difficult for us to deliver on our own corporate priorities within the context of our already challenging financial position. In recent years much work has been undertaken to put this Council in the best place possible to respond to SCC funding cuts, and this work will need to continue. Financial constraints at the county level may provide the opportunity for this Council to take over services from the County Council, for example where we can deliver a higher quality of services for our residents and in a more efficient way.

SERVICE PLANNING FOR 2019/20

11. Each service within the Council has reviewed its future direction in light of the wider context in which it operates, and its progress in delivering our Five Year Plan priorities. These reviews are summarised in the Service Proposals document included at **Annex 2**.
12. This information is not presented in the format of formal 'business plans' as has been the case in previous years: nevertheless, the process for service review and planning has been undertaken at the same in depth and robust manner as in past years.

13. The following paragraphs highlight areas where changes to the way in which the Council carries out its business are planned, or where substantive revenue savings, income or growth is proposed.
14. Housing and homelessness: The Council continues to make positive progress in working to prevent homelessness, and to increase the supply of temporary accommodation in the borough. Whilst two years worth of ring-fenced funding has been made available to the Council by Government to assist in managing the implications of the Homelessness Reduction Act, it is too early to determine what the local impact of the new legislation (and associated costs) will be in the longer term. It is therefore not considered appropriate to seek savings in this area at this time.
15. Waste and recycling: 2017/18 saw an over-recovery of refuse and recycling income due to the relatively high prices of recyclates and increase in garden waste service subscribers. However there continues to be uncertainty about future recyclate prices. In 2019/20, growth of just over £200,000 is proposed, comprised of £93,000 to cover the net reduction in recycling credits that we will receive from Surrey County Council, and £110,000 to enable the roll out of our full recycling service to a further 2,300 flats across the borough.
16. Parking: Growth will be required in 2019/20 to account for the loss of income from delivering off-street parking services in Tandridge District Council (£63,400). It is anticipated that this will be offset to some extent by increased income from our off-street carparks in Reigate & Banstead.
17. Revenues, Benefits and Fraud: This team's work to provide services for a number of other Councils and housing providers goes from strength to strength, and presents an ongoing commercial opportunity for the Council. In 2019/20 it is anticipated that £100,000 net income will be generated through the sale of our fraud management and debt recovery services to other organisations.
18. Property and acquisitions: The Five Year Plan outlines how we will increase the value of, and income derived from, our property and assets. 2018/19 continues to see positive progress against this objective. In 2019/20, rental income from new acquisitions and developments is projected to be around £519,000. Recharging appropriate staff costs to the Property & Investment Company also provides revenue income for the Council. Revenue growth will mitigate temporary losses of rental income (including resulting from redevelopment proposals) and fund additional staff resources to deliver on this critical aspect of the Council's work. On the other hand, the short term use of earmarked reserves and the General Fund will be accelerated if delivery of new rental streams are delayed.
19. Staff resources: As the Council pursues the ambitious agenda set out in its Five Year Plan and Medium Term Financial Plan, and becomes more commercial, it is vital that the appropriate staff resources are in place to support this work. New resources are already being brought in, and additional revenue growth is proposed in 2019/20 to ensure that our Legal, Finance, and Projects and Performance teams have the skills and experience required to make our plans a success.

FINANCIAL CONTEXT

20. The Council continues to manage its finances well. We have delivered significant service improvements and priority projects whilst seeing the complete removal of Government Revenue Support Grant from 2017/18 onwards. In 2019/20, the Council will see further dramatic decline in Government funding support as our retained

business rates receipts are cut from £2.29m to £0.83m, a reduction of just under £1.5m.

21. **Table 1** summarises how Government funding has changed for the Council in recent years.

Table 1: Government funding for RBBC

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Revenue Support Grant	1.67	0.50	0.00	0.00	0.00
Retained Business Rates	2.16	2.18	2.22	2.29	0.83

Business rates pilot

22. For 2018/19 Surrey was identified as a Business Rates retention pilot. This has meant that the Council will benefit this year from at least £500,000 of additional funding over and above the figure in **Table 1**. For 2019/20 all Surrey Councils in partnership have applied for the Government's revised pilot scheme. However, there is no certainty that their bid will be successful and there can therefore be no certainty that this will offer a benefit against the dramatic decline in retained business rates.

Council tax

23. In late 2017, the Government announced that we would be able to increase our Council Tax by 2.99% (rather than 1.99%) without triggering a referendum. This policy will apply for the year 2019/20 as well, and there is an expectation that the full power to use 2.99% will be used when setting the 2019/20 Council Tax. The forecast figures for 2019/20 have been based upon an increase of 2.99%. There is an expectation that after this date, the increase cap will return to 1.99%.
24. As part of our commercial approach to funding outlined within our Five Year Plan, the Medium Term Financial Plan (**Annex 3**) includes Council Tax increases by the referendum limit for each year over the plan period. A Council Tax increase of 2.99% is proposed for 2019/20 which would increase a Band D charge from £220.85 to £227.45, an increase of 13 pence per week.

FINANCIAL PLANNING FOR 2019/20

25. The Council has been planning for the loss of Government funding, with the need to become financially self sufficient included in our Five Year Plan.
26. We need to become financially self sufficient to ensure that we can continue to invest in and grow the high quality services that our residents and businesses expect and deserve. But in order to achieve self sufficiency we need to continue to find savings whilst also generating additional income.
27. The Council's Medium Term Financial Plan (**Annex 3**) sets out the financial direction of the Council over the medium term to ensure that we plan and manage our resources effectively.
28. Our Corporate Business Plan 2016/17 -2019/20 builds on the Medium Term Financial Plan to explain how we will become financially self sufficient whilst at the

same time delivering the priorities set out in the Five Year Plan. This outlines the following broad approach for achieving this:

- a. Some service efficiencies, including self-serve and business change activities
- b. Increasing our element of Council Tax
- c. Commercial activities, including income from fees and charges
- d. Increasing income derived from property investment and development
- e. Further investment in property

29. Both service efficiencies and Council Tax increases are important, but their abilities to address the financial challenges faced by the Council are limited. It is therefore important that the Council also becomes an increasingly commercial organisation. This means generating new net income streams to support service delivery. This requires investment – and will have an element of commercial risk – but it will also enable the Council to develop and grow into a self-sustaining organisation. An Investment Strategy, explaining how the Council will invest to generate income, is being developed and will be presented for approval for the 2019/20 financial year.

2019/20 Revenue Budget Summary

30. Table 1 summarises the Revenue Budget gap for 2019/20 and the proposals for closing the gap to deliver a balanced budget.

Table 2: Budget Gap Summary Table

PROPOSED 2019/20 INCREASED BUDGET REQUIREMENT		
Reduction in Retained Business Rates		£1.48m
Salary Change Forecast		£0.61m
Budget Growth (Annex 5)* <i>comprised of:</i>		£2.62m
<i>Loss of income</i>		£0.79m
<i>Service improvements</i>		£0.75m
<i>Transfer of CPDF-funded salaries into revenue budget</i>		£1.08m
Budget Savings (Annex 4) <i>comprised of:</i>		(£1.22m)
<i>Efficiency measures</i>		(£0.44m)
<i>Income generation</i>		(£0.78m)
Total increased budget requirement		£3.49m
PROPOSED FUNDING SOURCES FOR 2019/20 BUDGET REQUIREMENT		
Sustainable Sources		
	Council Tax Demand increase at 2.99%	(£0.57m)
	Property Investment	(£0.96m)
	Revenue Resources Released from Budget review	(£0.5m)
Total from sustainable funding sources		(£2.03m)

Reserves (One off funding sources)		
	Government Funding Reduction Reserve	(£0.46m)
	Business Rates Equalisation Reserve	(£1.00m)
	Other earmarked reserves and General Fund**	
Total from reserves		(£1.46m)
Total funding sources used to fund increased budget requirement		(£3.49m)

**Note that this figure will be finalised once the borrowing requirement associated with property investment has been finalised.*

***Other Earmarked reserves and general fund to be used in the event that income from property investment does not become available to the Council.*

31. The main drivers of the budget challenge projected for 2019/20 are as follows:
32. The dramatic reduction in retained business rates: The Council has been planning for this reduction for some time. In recent years we have established ring-fenced reserves, including the Government Funding Reduction Reserve and the Business Rates Equalisation Reserve which put us in a strong position to respond to changes to the business rates/retention regime.
33. The transfer of Corporate Plan Delivery Fund salaries into revenue budget: The CPDF was established to support the delivery of the Council's Five Year Plan. This includes support for people, place and organisational change, as well as funding for staff resources to support discrete or time limited projects. Funding is intended to be short term therefore not included in the revenue base budget.
34. CPDF is currently being used to fund some staff posts. It is proposed to transfer all long term committed staff positions from CPDF into base budget (19.9 FTE posts in total). This will underline the Council's continued commitment to the activities delivered by these staff and will minimise future draw on Council reserves, helping to contribute to our long term financial sustainability¹.
35. Growth to deliver our commercial agenda: A large proportion of the growth proposed is to enable us to deliver our commercial agenda and enable us to operate in the longer term as a self sufficient Council. This is by way of both investment in additional resources, and loss of income associated with property activities which will generate long term revenue income for the Council.
36. Work is underway to reduce the identified 2019/20 budget challenge, with Executive approval sought in recent months for additional property acquisition opportunities to be pursued. These have the potential to generate rental income to substantially reduce the savings shortfall. Even in the event that these acquisitions are not realised, there are other opportunities in the pipeline which are being actively considered.

¹ Information about likely Corporate Plan Delivery Fund (CPDF) spending is provided directly alongside growth proposals in **Annex 5**. The CPDF is projected to have a balance of £0.740m at the end of the current financial year. Projected expenditure for 2019/20 is currently in the region of £0.130k. Further requirements for drawing on CPDF funding will be identified during the year and subject to approval in line with established procedures for use of the Fund.

37. The legal requirement for the Council to agree a balanced budget may mean that in 2019/20 the Council has to draw on reserves. This is a scenario we have been planning for in recent years. As well as the ring-fenced reserves referenced in Table 2 above, the Council's General Fund remains healthy as a result of previous decisions to build up our reserves to guard against economic downturn and the loss of Government funding.
38. The Council has previously recognised that it will be necessary to utilise reserves to generate new income streams to allow us to become financially self sufficient and protect services. The Council has set a minimum level of unallocated General Fund reserves of 15% of the net revenue budget, which equates to £2.6m. The unallocated balance on the General Fund is currently well in excess of this, at £9.9m, putting us in a very strong position to manage any short term savings shortfalls whilst we build our revenue income streams.

CAPITAL PROGRAMME

39. A comprehensive review of the Programme is being undertaken as part of work on the Investment Strategy that is currently being developed ready for the new financial year. Following completion of this review, updated capital expenditure and funding forecasts will be presented as part of the next Service & Financial Planning report to Executive.

COUNCIL TAX REDUCTION SCHEME

40. The Council is required to agree a local Council Tax Reduction Scheme annually. Since 2013/14, the Council has applied a scheme that is based on the Council Tax Reductions (Default Scheme)(England) Regulations 2012 but with certain changes². The scheme is partially funded by Reigate & Banstead BC, Surrey County Council and Surrey Police.
41. This scheme has proved effective in reducing the level of support awarded whilst ensuring that those residents who are most vulnerable are not penalised unfairly. It is therefore proposed to continue to implement the current scheme.
42. However, as in previous years, increases to allowances and premiums will be applied to reflect cost of living increases. Allowances and premiums will be increased in line with those increases applied to the national Housing Benefit scheme, which are normally published in January each year.

OPTIONS

43. Service & Financial Planning: The following options are available to the Executive:
 - a. Approve the proposed budget and financial planning changes set out within the report, for consultation under the terms of the Constitution. This option is recommended for approval, to ensure that our service and financial plans are agreed in good time to adopt a balanced budget for 2019/20;
 - b. Only approve some of the proposed budget and financial planning changes set out within the report, for consultation under the terms of the Constitution. This

² These changes are explained in previous years' reports to the Executive, most recently in November 2017, available at <https://reigate-banstead.moderngov.co.uk/mgCommitteeDetails.aspx?ID=137>

option is not recommended, as it would undermine the service plans and would present a budget gap for 2019/20;

- c. Reject the proposed budget and financial planning changes set out within the report, and request that further work be undertaken to develop new proposals for consultation under the terms of the Constitution. This option is not recommended as it would delay the budget consultation process, undermine service planning and leave the Council and risk of failing to adopt a balanced budget for 2019/20.

44. Council Tax Reduction Scheme: The following options are available to the Executive:

- a. To adopt the current scheme for a 7th consecutive year. This option is recommended. It reflects the principle that it is reasonable to expect all residents to make a contribution towards their Council Tax but recognises that there should continue to be protection for vulnerable residents. It also recognises that residents should receive additional support where they are in employment, and ensures that – through our discretionary powers – there is a safety net for households that are receiving financial hardship.
- b. To reduce the level of support. This would reduce the cost to the Council but would likely lead to more households experiencing financial hardship and affect Council Tax recovery rates. This option is not recommended, particularly in light of ongoing welfare changes which will affect many families.
- c. To increase the level of support. This would have a financial cost for the Council and preceptors, and could therefore affect other services provided by the Council. This option is not recommended: our experience in operating the current scheme suggests that it provides an appropriate level of support for vulnerable households and no increase (other than described in para 43) is necessary.

LEGAL IMPLICATIONS

- 45. Service & financial planning: There are no direct legal implications arising from the recommendations in this report subject to the Council adopting a balanced budget for 2019/20 by 11 March 2019 to meet the requirements of the Local Government Finance Act 1992.
- 46. Council Tax Reduction Scheme: There are no direct legal implications arising from the recommendations in this report subject to the Council adopting its local reduction scheme by 31 January 2019. Specific appeals against parts of the local scheme by tax payers are dealt with under a formal process through the Valuations Office Agency.

FINANCIAL IMPLICATIONS

- 47. Service & financial planning: These are addressed throughout the report.
- 48. Council Tax Reduction Scheme: There are no direct financial implications caused by implementing the proposed scheme in 2019/20; these are factored into current budgets.

EQUALITIES IMPLICATIONS

- 49. Service & financial planning: This report provides a summary of the service and financial planning activities of the Council. Where individual changes, projects or

policies are being developed, equalities impact assessments will be carried out by the responsible officer(s). The vast majority of growth sought is staff costs, loss of property income and increased in operating costs (eg associated with software licencing). In terms of income and savings:

- a. Customer contact team savings: Staff savings reflect continued reducing call volumes and projected future reductions as a result of self serve initiatives. An equalities impact assessment was carried out to cover all self-serve and channel shift activities. The Contact Centre remains a first point of contact for many residents, including the elderly and vulnerable, and still handles 1,700 calls per week.
 - b. Licencing and regulation budget rightsizing: Savings identified in this area will not lead to service cuts; no adverse impact on residents or any equalities target group has therefore been identified.
 - c. Deletion of vacant posts: Where staff posts are being deleted this is not associated with any reduction in service provision .
52. Council Tax Reduction Scheme: A full equalities impact assessment was carried out in 2012 both before and after consultation on the local reduction scheme. No equalities issues were identified as a result of the assessment, and the equalities data held on the benefits system suggest that there has been no significant change in the make-up of claimants in terms of ethnicity, gender or disability. Any families or persons who are adversely affected, and experience hardship, can receive a further discretionary reduction in the level of Council Tax being charged.

COMMUNICATION IMPLICATIONS

53. Service & financial planning: The Council continues to offer value for money for Council residents – in 2018/19, the average household pays just £4.25 per week to the Borough Council in Council Tax, which pays for the wide range of services that the Council delivers, including household waste and recycling collections, street cleaning, greenspaces maintenance, leisure and community centres, and statutory and regulatory services such as licencing, environmental health and planning.
54. Central to Council's communications and engagement strategy is not only to promote the good work that the Council does and the great services it provides, but also to make sure that our annual service and financial planning process reflects what our residents and businesses need. A review of our Five Year Corporate Plan is being undertaken to ensure that our priorities remain relevant up to 2025.
55. Council Tax Reduction Scheme: Information about the Council Tax Reduction Scheme is available on the Council's website.

RISK MANAGEMENT CONSIDERATIONS

56. Service & financial planning: The service and financial plans contained within this report are aimed at minimising risks and ensuring that the Council continues to deliver great services whilst managing budgets and other resources well.
57. The Council has strong risk management arrangements in place to ensure that any risks are identified and managed, with regular performance reports provided to the Overview & Scrutiny Committee and the Executive. The long term financial sustainability of the Council remains on the strategic risk register, and as such controls and mitigating actions are regularly reviewed. Property development, which

is a key aspect of securing our long term financial sustainability and can be affected by wider macro-economic circumstances, is also a strategic risk for which controls are in place and mitigating actions being implemented.

58. Other strategic risks, which the Council recognises need to be managed relate to partner organisation's decisions in relation to future funding; and recycling credits.
59. Council Tax Reduction Scheme: There is a financial risk if claimants are charged Council Tax which they are genuinely unable to pay. This will increase arrears, which would have an impact on the Council's cash-flow. However, some of the sums involved are relatively small, which minimises this risk. The Council's Revenues service has robust recovery processes in place to collect unpaid Council Tax, and officers monitor tax payers receiving support to ensure that those facing genuine financial hardship receive additional assistance.
60. The risk of paying people receiving too great a reduction (which they are not entitled to because their circumstances have changed) is addressed by the Revenues, Benefits & Fraud service by carrying out reviews and determining which claims are at the highest risk of change. Anyone defrauding the Council will be investigated by the Council's investigation team and prosecution will be considered.
61. There is a reputational risk if the local reduction scheme is not seen to be fair. This could cause the Council negative publicity and this could have an adverse impact on collection rates. However our experience to date in implementing the current scheme suggests that this risk is minimal.

HUMAN RESOURCE IMPLICATIONS

62. Service & financial planning: The Council has delivered significant savings in recent years. The nature of our services means that this has also resulted in staffing reductions and a substantial reduction in our salary budget. Continuing to make these kinds of efficiencies is no longer sustainable without impacting on the quality of service delivery. Conversely, the Council will need to grow in the future if we are to succeed in our ambitious approach to becoming self-sufficient. We will need the capacity and skills to enable the organisation to diversify and to become more commercial, whilst also expanding our service provision as outlined in the earlier sections of this report.
63. The service and financial planning proposals for 2019/20 will therefore result in a net growth of 2.1 FTE.
64. The Council's Medium Term Financial Plan includes an assumption for an annual cost of living pay award for staff. This award is subject to negotiations with staff representatives and will depend on a variety of factors, including economic conditions, inflation levels and staff retention considerations.
65. The LGA Peer Challenge recognised the challenges facing Reigate & Banstead due to the borough's location within easy commuting distance of London and the buoyant local economy. Both of these make the job market extremely competitive with anecdotal evidence suggesting that the situation has got even worse since 2015. It therefore continues to be important (especially in light of our ambitions) that the Council is able to offer competitive employment packages to attract and retain high quality staff.
66. Council Tax Reduction Scheme: No HR implications have been identified.

CONSULTATION

67. Service & financial planning: Consultation will be carried out in line with the Council's budget and policy framework. This includes consideration by the Overview & Scrutiny Committee.
68. The Overview & Scrutiny Committee has established a Budget Scrutiny Panel to support this work. The Panel is scheduled to meet on 22 November. It is anticipated that the Panel's report will be considered by the Overview & Scrutiny Committee on 6 December. Any comments or recommendations will be reported to the Executive meeting on 10 January 2019.
69. Section 65 of the Local Government Finance Act 1992 requires the Council to consult representatives of those subject to non-domestic rates in the Borough about its proposals for expenditure for each financial year. This will be done through activities coordinated by the Economic Prosperity Team, including business networking events and using the Council's business e-newsletter.
70. Council Tax Reduction Scheme: The local reduction scheme was consulted upon when first implemented. As it is proposed simply to roll forward the current scheme, no further public consultation is required.

POLICY FRAMEWORK

71. Service & financial planning: The budget proposals within this report form part of the Council's budget and policy framework. The annual budget is developed to ensure that the Council can deliver the Corporate Five Year Plan and services to residents and businesses.
72. Council Tax Reduction Scheme: The local scheme supports the Five Year Plan priority of encouraging and supporting vulnerable families into employment, by including work incentives. It also contributes towards addressing the impact of welfare reform by limiting what low-income families must pay towards their Council Tax.

Background Papers:

None