



Report of : Councillor Caroline Russell

Meeting of	Date	Ward(s)
Council	23 February 2017	All

Delete as appropriate	Exempt	Non-exempt
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AMENDMENT TO BUDGET PROPOSALS 2017-18

1. INTRODUCTION

- 1.1. This report amends the 'Budget Proposals 2017-18' report on the main agenda with proposed changes to the 2017-18 General Fund budget and medium term financial strategy (MTFS).

2. RECOMMENDATIONS

- 2.1. To agree the 'Budget Proposals 2017-18' report subject to the following:

2.2. Proposal 1:

- i. To agree to increase Council Tax by an additional 5%, resulting in a total Council Tax increase of 9.99% including the Adult Social Care Precept.
- ii. To hold a Council Tax referendum seeking approval for this increase.
- iii. To reverse the savings put forward in Adult Social Care, Children's Services and Learning Disabilities amounting to £3.237m.

2.3. Proposal 2:

- iv. To agree an average increase of 4% on all Pay and Display charges in the Borough.
- v. To introduce a programme of measures to tackle air pollution, including a bike maintenance hub for each of the 16 wards and a team to engage with residents consulting on healthy streets road layouts, anti idling projects, school and workplace travel planning to promote public health and reduce the impact of air pollution on the health of residents.
- vi. To initiate a project to develop, with our partner, the ability to introduce a diesel surcharge to Pay and Display charges in the future.

3. REVISED GENERAL FUND BUDGET PROPOSALS 2016-17

GENERAL FUND REVENUE SAVINGS PROPOSALS

3.1. Proposal 1: Increase Council Tax by additional 5%

- 3.2. The Council budget proposal is to increase Council Tax by 1.99% plus an additional 3% for Adult Social Care precept. This proposal is to increase this by a further 5%. This increase triggers the requirement to hold a referendum asking the public to support the increase. The referendum would be held as soon as possible and by end of May at the latest.
- 3.3. The increase in Council Tax would generate approximately £4m per annum additional revenue. However, in 17/18 there would be the one off cost of the referendum of approximately £300k so the net increase in 17/18 would be £3.7m.
- 3.4. The £3.7m could be used to reverse the savings in Children's Service and Adult Social Care listed in Appendix 1. These amount to £3.2m. This would leave a balance of £500k that could be held back as a contingency.
- 3.5. There is a risk that the public would reject the proposal. In that case, the Council would have to re-issue all Council Tax bills, and refund any payments made where residents request one. This would cost approximately £100k overall. Add to that the £300k referendum costs and the total costs to find would be approximately £400k. This would have to come from existing resources such as the general reserve.

3.6. Proposal 2: Increase Pay and Display charges by an average of 4%.

- 3.7. The Council budget proposal does not include any increase in Pay and Display charges. This proposal is to increase these charges by 4% although adjusted to ensure the charges remain factors of 10p (to ensure ease of payment for users). This could raise in the region of £300k.
- 3.8. This £300,000 would be used to tackle air pollution and improve public health with the measures set out at from 3.9 to 3.12.
- 3.9. Funding would be made available for sixteen bike maintenance projects on estates (one per ward) to enable residents and young people to learn bike maintenance skills and get bikes fixed for free. Monthly sessions would be a mix of drop in Dr Bike and structured classes with the aim of providing an accessible community resource, to broaden the diversity of people cycling regularly, providing free repairs and skilling people up to repair their own bikes. There would also be quarterly led rides to give new cyclists confidence to use a bike for everyday journeys. The total cost of this would be £160k.
- 3.10. The remainder of the funding (£140k) would be used to expand the Council's capacity to increase levels of active travel in the borough, thereby improving key public health outcomes.
- 3.11. Working across the Road Safety and Special Projects Team, Public Health and the Health and Wellbeing (Healthy Schools) Team, a small team of staff would be established to work with schools, businesses, employers and the wider community. They would reduce exposure to air pollution, particularly amongst Islington's most vulnerable residents, by boosting levels of walking, cycling and public transport use. They would support community led initiatives to increase physical activity such as travel planning, play streets, school gate road closures and prevention of engine idling.
- 3.12. These staff would also seek to embed the Mayor's 'Healthy Streets' approach in Islington. They would support resident engagement and consultation on new Healthy Streets schemes to enable walking and cycling. This would allow the council to bid for Transport for London funding for street design projects having already secured strong community backing for measures designed to reduce dependence on car travel.

4. MATTERS TO CONSIDER IN SETTING THE BUDGET

COMMENTS OF THE SECTION 151 OFFICER

- 4.1. The Council when determining the budget and thereby the level of council tax must take into account the report of its Section 151 Officer. The report must comment on the robustness of the estimates included in the budget and parallel consideration on the adequacy of the Council's proposed reserves. This section of the report includes consideration of these specific areas and enables the authority to discharge its duty to take account of the statutory report under section 25(2). **These comments are provided in addition to those in the substantive report 'Budget Proposals 2017-18' and relate to the proposals within the Opposition Budget.**
- 4.2. It is the opinion of the Section 151 Officer that the estimates for 2017-18 have been prepared on a robust basis, and further that where there are uncertainties, for instance on the levels of service demand, that these can be covered by the corporate contingency.
- 4.3. The Section 151 Officer is required to report to the authority, when it is making the statutory calculations required to determine its council tax, on the estimates included in the budget and the adequacy of the reserves the budget provides for. The level of general balances is set in the context of the prevailing financial climate within local government, the level of risk facing the authority and also the sustained improvement in our financial standing in recent years.

COMMENTS OF THE MONITORING OFFICER

- 4.4. In considering whether to adopt the amendments to the budget proposals contained within this report, members should have regard to the considerations set out in the main budget report.
- 4.5. The Council has discretion as to the charges it fixes for on street parking places (section 46 of the Road Traffic Regulations Act (1984 Act) In accordance with section 55 of the 1984 Act the income the Council receives from on-street parking is placed into the "Parking Places Reserve Account", which can only be used by it for highway improvements and other traffic related matters.
- 4.6. In exercising its power to charge, the Council must have regard to Section 122 of the 1984 Act. That section imposes a duty on the council to exercise its power to charge (so far as practicable having regard to the matters specified in subsection (2)) to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway. The matters specified are
 - (a) the desirability of securing and maintaining reasonable access to premises;
 - (b) the effect on the amenities of any locality affected and (without prejudice to the generality of this paragraph) the importance of regulating and restricting the use of roads by heavy commercial vehicles, so as to preserve or improve the amenities of the areas through which the roads run;
 - (bb) The strategy prepared under Section 80 of the Environment Act 1995 (national air quality strategy);
 - (c) the importance of facilitating the passage of public service vehicles and of securing the safety and convenience of persons using or desiring to use such vehicles; and
 - (d) any other matters appearing to the local authority to be relevant.
- 4.7. Case law has established that although section 122(2) (d) permits allows a local authority to take into account any other matters appearing to it to be relevant, it does not allow the local authority, to fix charges for parking, with the motive of generating additional income for other authority purposes.

- 4.8. However, the Courts have also made clear that the creation of a surplus from increased parking charges will not of itself be unlawful provided that the primary motivation for or intention of the increase is the achievement of objectives which are consistent with the duty in section 122.
- 4.9. Accordingly it would be a legitimate exercise of the Council's charging powers to raise Pay and Display charges for the purpose of employing additional resources to deal with the problem of idling cars as the objective of such additional enforcement will be to reduce air pollution and to assist in improving the expeditious and safe movement of vehicular traffic in the borough
- 4.10. Accordingly, the proposal would, if adopted, be lawful.
- 4.11. Since 2012/13 limits have been placed on local authorities in terms of how much they can increase their council tax. These limits are set by the Secretary of State. If an authority proposes to increase their council tax over the specified threshold they must hold a referendum.
- 4.12. For 2017/18 the relevant threshold is 5%. Increasing the council tax by an additional 5% over the proposed 4.99% would require the council to undertake a referendum.
- 4.13. The estimated cost of the referendum is set out in paragraph 3.3 above. The Corporate Director of Finance and Resources notes that whilst the alternative budget has been prepared on a robust basis there may be uncertainties which can be covered by the corporate contingency; whilst these have not been set out in this report, officers would assess these impacts and identify the exact amounts which would be required from contingencies.
- 4.14. There is a legislative framework that requires compliance in relation to the holding of a referendum. Should the council fail to hold a referendum and or comply with the prescribed process the council's council tax position will revert back to the original budgetary proposals for 2016/17.

5. RESIDENT IMPACT ASSESSMENT

- 5.1. The Equality Act 2010 sets out the requirement for the Council to have due regard to the need to:
 - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - foster good relations between people who share a protected characteristic and those who do not.
- 5.2. A Resident Impact Assessment (RIA) of the 2016-17 budget is set out at Appendix F. to the 'Budget Proposals 2016-17' report. It is supplemented by detailed RIAs of major proposals at departmental level. These demonstrate that the Council has met its duties under the Equality Act 2010 and the Child Poverty Act 2010.
- 5.3. This amendment does not impact on the original Resident Impact Assessment report at Appendix F to the 'Budget Proposals 2016-17' report so the original assessment is still considered valid.

Proposal 1: Increase Council Tax by additional 5%

- 5.4. A 5% increase in council tax will affect all Islington payers, with potentially a greater impact on lower income payers; and those who do not qualify under the resident support scheme. For example, the proposed impact on for the average band D (standard measure of council tax relating to a main residence with two occupants) payer who is not in receipt of council tax support will be £1 per week. This impact is potentially compounded if they are affected by an increase in pay and display charges as well.
- 5.5. Rather than take an aggressive collection methodology, we have adopted a more proactive and sympathetic approach which enables residents to meet their liabilities. This is in addition to our Resident Support Scheme to help residents on low incomes and our Older person's discount scheme that provides additional support to older residents. This approach would be continued should the proposed increase be approved and help to minimise the impact on our most vulnerable residents.

Proposal 2: Increase Pay and Display charges by an average of 4%.

- 5.6. An increase in the pay and display costs are unlikely to adversely impact residents due to our resident roamer scheme, which assists residents with parking permits as they can park on any resident designated bay within Islington between 11am and 3pm . Disabled drivers, who hold blue badges, may park in resident bays and on yellow lines with waiting restrictions.
- 5.7. However, there may be a potential impact on visitors and carers from outside of the borough. The impact on residents visitors and or carers are minimised through the use of e-visitor vouchers, but the system will need to be reviewed to ensure it remains accessible.
- 5.8. It is proposed to implement a series of measures that tackle air pollution and promote public health for the benefit of all residents. Whilst no negative impacts are envisioned in order to ensure any potential negative impacts are identified and mitigated the services will carry out detailed impact assessments whilst the proposal measures are still developed.

Background papers: None

Final Report Clearance

Signed by

22 February 2017

Councillor Caroline Russell

Date

Responsible Officer: Mike Curtis, Corporate Director of Finance and Resources

Report Author: Steve Key, Assistant Director of Finance