

Item No. 2.1	Classification: Open	Date: 26 February 2014	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2014/15 to 2016/17 Revenue Budget	
Wards or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

That council assembly:

1. Notes that the final settlement was announced on 5 February 2014 (subject to approval by Parliament) with no significant change to Southwark's figures.
2. Notes that the Greater London Authority (GLA) precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 14 February 2014 an addendum report will be tabled to this meeting.
3. Agrees the recommendations of the 28 January cabinet for a general fund budget for 2014/15 of £314.4m and a nil council tax increase for 2014/15, attached as Appendix 1.
4. Agrees the 2014/15 – 2016/17 medium term resources strategy, included as Appendix F of the 28 January cabinet report.

BACKGROUND INFORMATION

Revenue budget

5. On 28 January 2014 the cabinet considered a report on the council's policy and resources strategy 2014/15 – 2016/17 revenue budget proposals for 2014/15. A copy of the report is attached as Appendix 1.
6. The cabinet moved and agreed the recommendations with the following changes:
 - Recommendation 4: That it be noted that this report was considered by the overview and scrutiny committee on 20 January 2014 and that there were no recommendations arising.
 - New recommendation 10: That the proposals in the report for a balanced budget based on a nil council tax increase for 2014/15 be agreed for recommendation to council assembly on 26 February 2014. Budget schedules are set out in Appendices B - E.
7. The report at Appendix 1 proposes a nil council tax increase for Southwark's element of the council tax and a general fund revenue budget of £314.4m in 2014/15.

8. The government announced the final 2014/15 settlement figures on 5 February 2014. There was no significant change to Southwark's figures, and any slight changes to the 28 January report are due to roundings.
9. Some further information about the government funding for free school meals for primary school pupils as described in paragraphs 25-27 of the report. The government have announced how revenue funding for this policy will be allocated in 2014/15. They have decided to allocate schools a flat rate of £2.30 per meal taken, based on actual take-up by newly eligible infant pupils which will be measured in the Schools Census from next year.
10. The following typographical changes have been made to the 28 January report attached as Appendix 1 to aid clarity or correct errors:
 - Title to and paragraph 58: insertion of "160" to Tooley Street, following comment made at OSC that the council acquired the building not the street.
 - Paragraph 103: date of "2016/15" corrected to "2015/16"
 - Paragraph 115: deletion of 'staff savings' to correct error shown in Appendix E below.
 - Paragraph 116: amount of £1.64m corrected to £1.84m in accordance with the figures in Appendix C
 - Paragraph 122: insertion of "School Children" to read "Southwark Primary School Children"
 - Table in paragraph 204: all references to "2013/14" corrected to "2014/15", and "2015/16" corrected to "2016/17"
 - Appendix C: heading corrected to "Description of efficiency" rather than "savings"
 - Appendix D: heading corrected to "Description of Income" rather than "savings"
 - Appendix E: department heading "Children's Social Care" corrected to "Strategy, Commissioning and Business Improvement (SCBI)"

KEY ISSUES FOR CONSIDERATION

Revenue budget 2014/15

11. Table 1 below shows a high level summary of the proposed budget from cabinet as set out in the budget report to cabinet on 28 January 2014. The table specifically sets out the council tax requirement which local authorities are required to calculate, under section 42A (4) of the Local Government Finance Act 1992, as amended by the 2011 Localism Act.

Table 1: high level summary budget

	2014/15 budget £m
Revised previous year's budget	334.0
Inflation	5.7
Commitments and growth (note 1)	8.4
Less savings, efficiencies and income generation (note 1)	(25.9)
Budget adjustments (note 1)	(7.8)
Total Budget	314.4
Contribution from balances (note 1)	(6.2)
Total budget requirement	308.2

	2014/15 budget £m
Adjusted settlement funding allocation.	(230.0)
Projected collection fund surplus 2013/14	(1.3)
Council tax requirement	76.9
Tax base agreed by council assembly on 22 January 2014	84,338.26
Southwark 2014/15 Band D council tax (note 2)	£912.14

note 1: as detailed in appendix 1, cabinet report 28 January 2014

note 2: as detailed in "Setting the Council Tax 2014/15" of 26 February 2014

12. A detailed objective and subjective analysis of service department budgets is included as Appendix 3.

Southwark council tax

13. All local authorities are required to set their council tax by 11 March 2014. Given this timescale, it is difficult at this stage to provide comparative information for 2014/15. This council will set its own tax on 26 February 2014 (the date to which this report refers). As in previous years, any delay to this date will mean the council would have to move its instalment date beyond 1 April 2014. This would result in a loss of income to the council from cash flow and could also put at risk the ability of the council to meet its collection targets.
14. Cabinet have recommended a nil increase in council tax for 2014/15. A nil increase in council tax in 2014/15 will mean Southwark's council tax will have increased by a total of 4% since 2007/08. The general trend in comparative data on council tax between 2007/08 and 2013/14 is given in Appendix 2. Southwark's council tax for 2013/14 is 16.5% below the national average (including GLA), 8.7% below the London average (excluding GLA), and 6.7% below the London average (including GLA).

Greater London Assembly (GLA) Precept

15. The Mayor of London's consolidated budget for 2014/15 is to be presented to the London Assembly on 14 February 2014. The GLA precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 14 February 2014 an addendum report will be tabled to this meeting. The proposals are for a reduction of £4.00 (1.3%) from £303.00 to £299.00 in the GLA precept.

Total band D council tax

16. The total band D council tax is derived from the total of the Southwark council element and the GLA precept as described above. This is shown in the following table:

	2013/14	2014/15	change
Southwark Council Tax	912.14	912.14	(0.00)%
GLA Precept	303.00	299.00	(1.32)%
Total Band D council tax	1,215.14	1,211.14	(0.33)%

Community impact statement

17. The community impact statement is set out in the cabinet report of 28 January 2014 attached at Appendix 1.

Consultation

18. The Policy and Resources Strategy 2014/15 to 2015/16 reported to cabinet on 22 October 2013 contained a detailed report giving results and analysis from the spending challenge consultation held during the summer 2013. Following the consultation reports on the budget proposals were considered by cabinet on 22 October 2013 and 28 January 2014.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

19. The report asks council assembly to agree the recommendations of the 28 January 2014 cabinet for a general fund budget for 2014/15 of £314.4m and zero council tax increase for 2014/15. In accordance with Part 3A of the Constitution council assembly are required to agree the budget.

Legislative framework

20. Section 31A of the Local Government and Finance Act 1992 (the Act) provides that the council has an obligation to calculate and agree an annual budget. The Act also requires the authority to set an amount of council tax for each financial year preceding that for which it is set. Pursuant to section 30 (7) of the Act no amount may be set before the earlier of the following: (a) 1st March in the financial year preceding that for which the amount is set; (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set. Section 30 (9) of the Act states that a purported setting of an amount, if done in contravention of subsection 30 (7) shall be treated as not having occurred.
21. Under section 39 of the Act, the Greater London Authority ('GLA') is defined as a 'major precepting authority'. The GLA is planning to set its precept on 14 February 2014.

Restrictions on voting under Section 106 of the Local Government Finance Act 1992

22. Section 106 of the Local Government Finance Act applies at any time to a member of an authority, if at that time the member is due to pay council tax payments which have remained unpaid for at least two months.
23. The payments to which the section applies are any type of either sole or joint and several liability for council tax, and any failure to pay any agreed sum of council tax. Therefore members are advised that this section is likely to apply to them if they are currently two months in arrears of any amounts of council tax, even if they have made any special contractual arrangement with the council to pay off the arrears.

24. If this section applies to any member, he/she at the relevant meeting and as soon as practicable after its commencement, must disclose the fact that the section applies and not vote on any question with respect to this matter.

25. The relevant meetings are those at which any of the following are the subject of consideration, namely:

(a) “any calculation required by chapter 111, 1V, V of part 1 of the 1992 Act”.

The only calculations likely to be made by this authority are those under chapter 111 of part 1 of the act, (chapter 1V relates to precepting and chapter V limitations on council tax (i.e. capping)

The chapter 111 calculations include the calculation of the budget requirement, basic amount of tax, the additional requirements because of the special trust funds, the calculation of the tax for the different valuation bands and the basic amount of council tax to be set under Section 30.

(b) “Any recommendation, resolution or other decision which might affect the making of any such calculation”

This is an extremely wide wording and would extend well beyond merely setting the budget. It applies to virtually any matter where the financial implications directly or indirectly might affect the calculations concerning the council tax. It would therefore apply to decisions concerning the level or extent of services as well as the expenditure, receipt or forgoing of any money.

(c) “the exercise of any function under Schedules 2-4 of the 1988 and 1992 Act”

The functions under either the 1988 or 1992 Acts concern the administration and the enforcement of community charge and council tax respectively.

26. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for a member to vote when prohibited from doing so or to fail to make the necessary disclosure. There is a statutory defence, with the onus of proof on the member, to prove that he did not know that the section applied to him or her at the time of the meeting or that the matter in question was the subject of consideration at the meeting. Prosecutions shall not be instituted except by or on behalf of the Director of Public Prosecutions.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
Greater London Assembly budget papers 2014/5 https://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2014-15	Greater London Assembly	Enquiries 020 7983 4100 Minicom 020 7983 4458

APPENDICES

No.	Title
Appendix 1	Cabinet Report (28 February 2014) Policy and Resources 2014/15 – 2016/17 – Revenue Budget as amended with appendices
Appendix 2	Council tax comparisons 2007/08 – 2013/14
Appendix 3	Detailed service budget objective and subjective analysis

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	13 February 2014	