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| Item No. 2.1 | Classification: Open | Date: 23 February 2010 | Meeting Name: Council Assembly |
| Report title: | | Policy and Resources Strategy - The 2010/11 Revenue Budget (The Budget and Policy Framework) | |
| Wards or groups affected: | | All | |
| From: | | Finance Director | |

RECOMMENDATION

That Council Assembly:

1. Agree the recommendations of the Executive for a general fund budget and zero council tax increase for 2010/11 (see attached report).

BACKGROUND INFORMATION

2. On the 9 February 2010 the Executive considered a report on the Council's revenue budget proposals for 2010/11. A copy of this report is appended for information (appendix A). The Executive, at this meeting, determined the general fund revenue budget and council tax recommendation for council assembly. This recommendation will be circulated to all members following the meeting.
3. The report proposes a zero council tax increase for Southwark's element of the council tax and a general fund revenue budget of £319.9m in 2010/11.

KEY ISSUES FOR CONSIDERATION

Resources 2010/11

4. Assuming a zero % increase in council tax for 2010/11 as per the recommendation in the Executive report 9 February 2010, the resources available to the Council are shown below in table 1:

Table 1

| | £'000 |
|--|----------------|
| Income from formula grant and NNDR | 230,729 |
| Projected collection fund surplus 2009/10 | 1,232 |
| Income from council tax – assuming 0% increase | 87,948 |
| Total Revenue Resources Available | 319,909 |

Revenue Budget 2010/11

5. The following table sets out the proposed budget for 2010/11: (Appendix B shows the proposed budget by department)

Table 2

| | |
|---|--------------------------------|
| 2009/10 budget | £'000 315,152 |
| Prior year adjustment (adjustment to salary budget 2009/10) | (956) |
| Inflation | 4,858 |
| Commitments | 14,286 |
| Efficiencies and improved use of resources | (10,986) |
| Income fees and charges | (730) |
| Other Savings | (1,715) |
| Proposed Budget 2010/11 | 319,909 |

Council Tax

6. All local authorities are required to set their council tax by 11 March 2010. Given this timescale, it is difficult at this stage to provide comparative information for 2010/11. This Council will set its own tax on 23 February 2010 (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 the 1 April 2009. 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's contractor to meet its collection targets with the resulting cost to the Council.
7. In proposing a zero increase in council tax for 2010/11, Southwark's council tax will have increased by 8% in the last five years. The general trend in comparative data on council tax for the last few years up to 2009/10 is given in appendix C. Southwark's council tax for 2009/10 (including GLA) is 13.6% below the national average, 6.6% below the London average (including GLA) and 8.7% below the London average (excluding GLA).

GLA Precept

8. The Mayor of London's consolidated budget for 2010/11 was presented and approved by the London Assembly on the 10 February 2010. The proposal recommended an increase of 0% on the GLA precept.

| | 2009/10 | 2010/11 | Increase |
|---------------------------------|------------------|------------------|-------------|
| GLA precept | £309.82 | £309.82 | 0.0% |
| Southwark precept | £912.14 | £912.14 | 0.0% |
| Total band D Council Tax | £1,221.96 | £1,221.96 | 0.0% |

Community Impact Statement

9. It is recognised that in drawing up detailed proposals following on from budget approval, future executive reports will need to consider the impact on the community of any potential change in service design, outcomes or access

Consultation

10. The Council consults with relevant stakeholders with regards the wider policy and resources strategy process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

14. Section 67 of the Local Government Finance Act 1992 ("the 1992 Act") provides that the council assembly must make final decisions on the budget and council tax level for 2010/11. The functions cannot be delegated to the Executive or to a committee. This provision is reflected in the Council's constitution article 3 and Part 3A which state that agreeing the budget is a matter reserved for council assembly.
15. The statutory requirement to calculate and agree the Council's annual budget of the Local Authority is derived from section 32 of the 1992 Act. Section 65 of the 1992 Act imposes a duty on the Council to consult with representatives of the business ratepayers in the borough before making the calculation required under section 32 of the 1992 Act.

BACKGROUND INFORMATION

| Background Papers | Held At | Contact |
|---|-----------|--|
| Policy and Resources Strategy and budget working papers | Town Hall | Cathy Doran, Extension 54396 Stephen Gaskell, Extension 57293 |

APPENDICES

| No. | Title |
|------------|--|
| Appendix 1 | Executive Report (9 February 2010) Policy and Resources Strategy 2010/11 – 2012/13 - The Council's 2010/11 Revenue Budget (The Budget and Policy Framework) and Medium Term Resources Strategy |
| Appendix 2 | Summary departmental budget control totals |
| Appendix 3 | Council tax comparisons 2003/04 – 2009/10 |

AUDIT TRAIL

| | | |
|---|---|-------------------|
| Lead Officer | Duncan Whitfield, Finance Director | |
| Report Author | Cathy Doran, Finance & Resources Stephen Gaskell, Corporate Planning and Performance | |
| Version | Final | |
| Dated | 10 February 2010 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Director of Communities, Law & Governance | Yes | Yes |
| Finance Director | Yes | Yes |
| List other Officers here | | |
| Executive Member(s) | Yes | Yes |
| Date final report sent to Constitutional Support Services | 10 February 2010 | |