

## APPENDIX 3

### Cabinet decision on the general revenue budget from 15 February 2011

#### RESOLVED:

1. That it be noted that the budget principles agreed by cabinet on 21 September 2010 have guided the process for budget setting.
2. That the announcement of the final grant settlement by Department of Communities and Local Government (DCLG) on 31 January 2011 be noted.
3. That a balanced budget based on a nil council tax increase for 2011/12 be agreed for recommendation to council assembly on 22 February. Budget schedules are set out in Appendices A to E of the report.
4. That it be noted that subject to agreement by council assembly to the budget recommendations, that there will be a need to complete and invoke both statutory consultation procedures where necessary and the council's own policies and procedures as appropriate in order to implement the savings and income generation proposals detailed in Appendix C to E of the report.
5. That it be noted that the Greater London Assembly (GLA) will set its precept on 23 February and council assembly will therefore establish a committee for setting the council tax for 2011/12.
6. That the indicative balanced budgets for 2012/13 and 2013/14, based on a council tax increase of 2.5% for 2012/13 and 2.5% for 2013/14 be noted.
7. That it be noted that budget consultation took place with residents and community groups from September 2010 to 8 February 2011 and that the feedback from the consultation has been given due consideration by the cabinet.
8. That the recommendations from the overview and scrutiny committee meeting on 31 January 2011 be agreed (Appendix F)
9. That the deputations and verbal responses provided by cabinet members be noted and the following agreed:
  - a. That steps be taken to further tighten existing corporate procedures for employing consultants.
  - b. To work with Community Action Southwark to develop the Council's work with the voluntary sector and implementation of the Southwark voluntary sector transition fund.
  - c. To continue to explore opportunities throughout the entire budget period, including 2013/14 to deliver sport for young people with other organisations and maximise further alternative funding.
  - d. That arts and environmental organisations be encouraged to seek opportunities to deliver commissioned services where this will meet the council's objectives and replace local funding streams.
  - e. To work with the voluntary sector to provide an alternative method of funding for council's housebound library services.

- f. To inform all organisations who experience a cut in funding of the opportunities provided by the Southwark voluntary sector transition fund and that they be encouraged to apply to these funds, the national transition funds and adult social care innovation fund.
  - g. The overall impact on the ecology and environment grants programme, after the introduction of newly commissioned services will be no greater than 28% of the current grant budget
  - h. Prioritise the assessment for eligibility for those residents who currently acquire day care services which are funded directly or indirectly by Southwark council in order to maximise funding entitlement.
10. That a voluntary sector transition fund and criteria for the fund be established, subject to the council assembly agreeing the revenue budget on 22 February 2011. The proposed criteria are set out in Appendix G of the report.
  11. That it be noted that £1m will be allocated each year for the duration of the three year budget to support young people, in particular for the mitigation of the high youth unemployment in the borough and the impact of the removal of education maintenance allowances. The detailed proposals to support this resource will be presented to cabinet for approval at the meeting on 22 March 2011.
  12. That the need to use balances of £6.3m in order to support service delivery and deliver a balanced budget in 2011/12 and 2012/13 be noted.
  13. That the provision of a contingency fund be made to mitigate risks contained within the budget for 2011-14 be noted, including:
    - the ability to deliver savings of £84.3m over the three years from 2011/12. £84.3m is more than double the level of savings that have been delivered in the last three years;
    - the impact of increased demands across services;
    - the impact of fluctuations in inflation;
    - that no certainty is attached to the grant settlement after 2012/13, including the future of the grant 'floor';
    - the uncertainty on the distribution of funding to support social care and benefit health; and
    - the uncertainty on the new homes bonus grant, including how and when the grant will be distributed, the conditions of the scheme, especially beyond 2012/13, and the basis for the calculation.
  14. That it be noted that negotiations continue with the Primary Care Trust (PCT) on the use of funding to support social care and benefit health.
  15. That it be noted that confirmation is awaited from the government on the outcome of consultation on the new homes bonus grant.
  16. That the need to absorb the impact of inflation within the cash limited budgets proposed within the report (other than that which is contractually committed) be noted.
  17. That the new growth of £12.9m allocated over the three years from 2011/12 to support local priorities be noted.

18. That it be noted that there is a separate report asking for approval on savings required to deliver a balanced housing revenue account for 2011/12 (elsewhere on the agenda). This follows consultation carried out to date. In future years cabinet will align processes for housing and general revenue fund budget setting.
19. That it be noted that, given the scale and complexity of budget implementation, further work is being undertaken on the medium term resources strategy (MTRS). An updated MTRS will be considered by cabinet on 22 March 2011 in the context of the council assembly decision on a balanced budget for 2011/12.
20. That the need for enhanced budget monitoring arrangements to be in place to ensure savings plans remain on target be noted, and mitigating action be undertaken at the earliest opportunity where there is a risk of adverse variance against target.

Cabinet also noted the deletion of paragraph 212 from the report presented to Cabinet.