

Item No. 2.1.	Classification: Open	Date: 27 February 2013	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2013/14 – 2015/16: Revenue Budget	
Wards or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

That council assembly:

1. Note that the final settlement was announced on 4 February 2013 with no significant change to Southwark's figures.
2. Note that the GLA precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 25 February 2013 an addendum report will be tabled to this meeting.
3. Agree the recommendations of the 12 February 2013 cabinet for a general fund budget for 2013/14 of £334.0m and a nil council tax increase for 2013/14, attached as Appendix 1.

BACKGROUND INFORMATION

Revenue budget

4. On 12 February 2013 the cabinet considered a report on the council's revenue budget proposals for 2013/14 to 2015/16. A copy of the report is attached as Appendix 1.
5. Cabinet have made the following changes to the attached report:
 - Paragraph 8, corrected to read "Note that the balanced budget for recommendation to Council Assembly on 27 February includes...."
 - Recommendation 11 amended to "That the progress report for both the youth and community restoration funds be noted and the commitment to provide resources for the youth fund for a further three years to 2016/17 be confirmed. That officers prepare a further report for cabinet on how the youth fund can be best used over the extended period to further develop opportunities for improved economic, employment and education success for Southwark's young people and especially the need to build on the successes of the scheme to date (particularly the scholarship scheme) and all other relevant strategic considerations.
 - Recommendation 14 amended to "That the recommendations from the overview and scrutiny committee of 28 January 2013 be noted and that the

cabinet member for finance, resources and community safety respond to the committee”

- New recommendation 16 “That given current uncertainties arising from a range of welfare reforms, officers be requested to remove the proposed £55,000 saving for advice services, as detailed in the revised Appendix D of the report, with the cost to be met from council balances or from compensating savings agreed by the strategic director of finance and corporate services.”
6. In addition the reference to £6.7m in bullet 8 of recommendation 8 in the cabinet report was shown in error as £6.7m, and should now be £6.2m as shown in table 1 below.
 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 £334.0m in 2013/14.
 8. The government announced the final 2013/14 settlement figures on 4 February 2013. There was no significant change to Southwark’s figures, and any slight changes to the 12 February report are due to roundings.

KEY ISSUES FOR CONSIDERATION

Revenue budget 2013/14

9. Table 1 below shows a high level summary of the proposed budget from cabinet as set out in the budget report to cabinet on 12 February 2013. 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

	2013/14 Budget £m
Revised previous year’s budget	345.5
Inflation	4.0
Commitments and growth (note 2)	11.6
Less savings, efficiencies and income generation (note 1)	(24.8)
Budget adjustments (note 2)	(2.3)
Total Budget	334.0
Contribution from balances (note 1)	(6.2)
Total budget requirement	327.8
Adjusted start up funding	(252.6)
Projected collection fund surplus 2012/13	(0.9)
Council tax requirement	74.3
Tax base agreed by council assembly on 23 January 2013	81,421.05
Southwark 2013/14 Band D council tax (note 3)	£912.14

Note 1: as amended by cabinet on 12 February 2013

Note 2: as detailed in Appendix 1, cabinet report 12 February 2013

Note 3: as detailed in “Setting the Council Tax 2013/14” report 27 February 2013

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

Council tax

11. All local authorities are required to set their council tax by 11 March 2013. Given this timescale, it is difficult at this stage to provide comparative information for 2013/14. This council will set its own tax on 27 February 2013 (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 2012. 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.
12. Cabinet have recommended a nil increase in council tax for 2013/14. A nil increase in council tax in 2013/14 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 2012/13 is given in Appendix 2. Southwark's council tax for 2012/13 is 15.6% below the national average (including GLA), 6.6% below the London average (excluding GLA), and 8.6% below the London average (including GLA).

Greater London Assembly (GLA) Precept

13. The Mayor of London's consolidated budget for 2013/14 is to be presented to the London Assembly on 25 February 2013. The GLA precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 25 February 2013 an addendum report will be tabled to this meeting. The proposals are for a reduction of 1.2% on the GLA precept.

	2012/13	2013/14	Change
GLA precept	£306.72	£303.00	(1.21%)
Southwark council tax.	£912.14	£912.14	(0.00)%
Total band D council tax	£1,218.86	£1,215.14	(0.31%)

Community impact statement

14. The community impact statement is set out in the report at Appendix 1.

Consultation

15. Following on from the extensive consultations during 2011/12 budget setting, reports on the budget proposals were considered by cabinet on 29 January 2013 and 12 February 2013.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

16. The report asks council assembly to agree the recommendations of the 12 February 2013 cabinet for a general fund budget for 2013/14 of £334.0m and

zero council tax increase for 2013/14. In accordance with Part 3A of the Constitution council assembly are required to agree the budget.

Legislative framework

17. 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.
18. 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 25 February 2013.

Restrictions on Voting Under Section 106 of the Local Government Finance Act 1992

19. 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.
20. 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.
21. 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.
22. 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.

23. 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 2013/14	Greater London Assembly	http://www.london.gov.uk/mayor-assembly/gla/budget-expenditure-charges/budget-2013-14

APPENDICES

No.	Title
Appendix 1	Cabinet Report (12 February 2013) Policy and Resources 2013/14 to 2015/16 – Revenue Budget
Appendix 2	Council tax comparisons 2007/08 – 2012/13
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	
Date	14 February 2013	
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	No
Date final report sent to Constitutional Team	14 February 2013	