

Item No. 2.2.	Classification: Open	Date: 25 February 2015	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2015/16 – 2017/18 – revenue budget	
Wards or groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

That Council Assembly:

1. Agree the recommendations of the 10 February cabinet for a general fund budget requirement (after use of reserves) for 2015/16 of £282.3m and a nil council tax increase for 2015/16, attached as Appendix 1.
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 23 February 2015 an addendum report will be tabled to this meeting.
3. Agree the 2015/16 – 2017/18 Medium Term Resources Strategy, included as Appendix L of 10 February cabinet report.

BACKGROUND INFORMATION

Revenue Budget

4. On 10 February the cabinet considered a report on the council's Policy and Resources strategy 2015/16 – 2017/18 revenue budget proposals for 2015/16. A copy of the report is attached as Appendix 1.
5. The cabinet moved and agreed the 17 recommendations included in the report, and added a further 3 as follows;
 18. That funding for East Dulwich school crossing patrols (Townley Road and Village Way - 3 crossings in total) be amended to mainstream funding of £18,000 and that officers be instructed to conduct a "digital by default" review of member and democratic services with a target of saving at least £18,000 by reducing printing and distribution costs. Proposals should be based on a "bring your own device" model.
 19. That with regard to paragraph 98 of the report, a review of the voluntary redundancy offer being made to employees, the chief executive report back to the next cabinet.
 20. That a report comes back to cabinet on the suggestion set out paragraph 102 of the report, that council officers look into the possibility of introducing a staff bank approach for street cleaning, rather than making use of agencies to supply staff.

6. Recommendation 18 has a net zero impact on the budget, the budget schedules agreed by cabinet on 10 February have not been changed, this recommendation will increase commitments to £4.693m and efficiencies and improved use of resources to £26.143m.
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 £283.2m in 2015/16.
8. The government announced the final 2015/16 settlement figures on 3 February 2015. The settlement was agreed by parliament on 10 February 2015.

KEY ISSUES FOR CONSIDERATION

Revenue Budget 2015/16

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 10 February 2015. 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

	2015/16 budget £m
Revised previous year's budget	336.2
Inflation	4.4
Commitments and growth (note 1)	4.7
Less savings, efficiencies and income generation (note 1)	(30.0)
Budget adjustments (note 1)	4.5
Total Budget	319.8
Less specific grant funding	(30.4)
Net revenue budget	289.4
Contribution from balances (note 1)	(6.2)
Total budget requirement	283.2
Adjusted settlement funding allocation.	(200.3)
Projected collection fund surplus 2014/15	(2.9)
Council tax requirement	80.0
Tax base agreed by council assembly on 21 January 2015	87,727.28
Southwark 2015/16 Band D council tax (note 2)	£912.14

note 1: as detailed in appendix 1, cabinet report 10 February 2015

note 2: as detailed in "Setting the Council Tax 2015/16" of 25 February 2015

Southwark Council Tax

10. All local authorities are required to set their council tax by 11 March 2015. Given this timescale, it is difficult at this stage to provide comparative information for 2015/16. This council will set its own tax on 25 February 2015 (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 2015. 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.

11. Cabinet have recommended a nil increase in council tax for 2015/16. A nil increase in council tax in 2015/16 will mean Southwark's council tax will have increased by 0% since 2008/09. The general trend in comparative data on council tax between 2008/09 and 2014/15 is given in Appendix 2. Southwark's council tax for 2014/15 is 17.5% below the national average (including GLA), 8.6% below the London average (excluding GLA), and 6.6% below the London average (including GLA).

Greater London Assembly (GLA) Precept

12. The Mayor of London's consolidated budget for 2015/16 is to be presented to the London Assembly on 23 February 2015. The GLA precept included in the report is the Mayor's proposed precept. If this changes at the London Assembly plenary meeting on 23 February 2015 an addendum report will be tabled to this meeting. The proposals are for a reduction of £4.00 (1.33%) from £299.00 to £295.00 in the GLA precept.

Total Band D council tax

13. 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:

	2014/15	2014/15	change
Southwark Council Tax	912.14	912.14	(0.00)%
GLA Precept	299.00	295.00	(1.33)%
Total Band D council tax	1,211.14	1,207.14	(0.33)%

Community impact statement

14. The community impact statement is set out in the cabinet report of 10 February 2015 attached at Appendix 1.
15. A summary of the 2015/16 budget equality analysis is included in this report as a background document.

Consultation

16. The Policy and Resources Strategy 2015/16 to 2017/18 reported to cabinet on 27 January and 10 February 2015 contained a detailed report giving results and analysis from the spending challenge consultation held during 2014.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

17. The report asks council assembly to agree the recommendations of the 10 February 2015 cabinet for a general fund budget requirement (after use of reserves) for 2015/16 of £283.2m and zero council tax increase for 2015/16. In

accordance with Part 3A of the Constitution Council Assembly are required to agree the budget.

Legislative Framework

18. 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.
19. 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 23 February 2015.

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

20. 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.
21. 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.
22. 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.
23. 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.

24. 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 2015/16	Greater London Assembly	enquiries 020 7983 4100 minicom 020 7983 4458
http://www.london.gov.uk/mayor-assembly/gla/spending-money-wisely/budget-expenditure-charges/the-mayors-budget-for-2015-16		
Summary of 2015/15 budget equality analysis	Southwark Council 160 Tooley Street London SE1 2QH	Alex Irvine 0207 525 3672
http://www.southwark.gov.uk/info/200527/equality_and_diversity		

APPENDICES

No.	Title
Appendix 1	Cabinet Report 10 February 2015 Policy and Resources 2015/16 – 2017/18 – Revenue Budget with appendices
Appendix 2	Council tax comparisons 2008/09 – 2015/16

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	No
Date final report sent to Constitutional Team	12 February 2015	