

COUNCIL SUPPLEMENTARY AGENDA

27 February 2013

7 THE COUNCIL'S BUDGET 2013/14 (Pages 1 - 6)

The following are attached:

- Supplementary report concerning the GLA and other precepts
- Chief Finance Officer's report on the alternative budget proposals by the Residents' Group

8 MEMBERS' ALLOWANCES SCHEME 2013/14 (Pages 7 - 8)

Please see the correction attached.

**Ian Burns
Acting Assistant
Chief Executive**

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COUNCIL

27 February 2013

**REPORT
SUPPLEMENTARY****Subject Heading:****THE COUNCIL'S BUDGET
2013/14**

This report supplements the main report to this meeting on the Council's Budget 2013/14.

1. Introduction

The report to Cabinet on the Council's budget, which forms the basis for the subsequent report to Council, includes two areas where further information has been obtained subsequent to the completion and publication of the report. To enable Council to make an informed decision, this information is set out in this Supplementary paper. The main areas covered below are:

- Final Greater London Authority (GLA) budget proposals
- Updated position for levies.

Each of these is covered below.

3. GLA

The final meeting of the Authority to set its budget and to agree the Mayor's precept for 2013/14 took place on Monday 25th February. It has been confirmed that the Mayor's final draft budget was approved unamended by the London Assembly.

The Mayor's final Band D precept for 2013/14 will therefore be £303.00, as set out in the report to Council.

The overall Band D figure set out in the report to Council therefore remains at £1,498.18.

4. Other Levies

Subsequent to the issue of the report to Council, notification was received that the Thames Region Environment Agency level has increased by £56 due to an error on their part. This increases their levy from the figure quoted in the report of £172,766 to a revised final figure of £172,822. As this is not a material change, with no effect on the band D calculation, no amendment is proposed and a minor adjustment will be made as necessary within the budget to allow for this.

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Havering
LONDON BOROUGH

Report of the Chief Executive on the Proposed Amendments to the Budget

**ADVICE IN RESPECT OF
RESIDENTS GROUP
BUDGET AMENDMENTS**

The Council Procedure Rules state (Constitution, Part 4 Rules of Procedure, rule 11):

Rule 11.8(a)

"An amendment to a motion/report at the annual Council tax setting must be submitted to the Chief Executive no later than 6 clear days before the Council tax setting meeting, and must be such that the amendment would, if passed, in the view of the Chief Finance Officer enable a robust budget to be set".

Rule 11.8(b)

"Upon receipt of such amendment, the Chief Finance Officer shall consider whether it meets the "robust budget" test, and:

- (i) If it does meet the test, the Proper Officer shall include it on the agenda for the meeting.
- (ii) If it does not meet the test but the Chief Finance Officer considers that, duly altered, it will do so, that officer shall consult the proposers and, if they accept the alteration(s), the Proper Officer shall include it, as altered, on the agenda for the meeting.
- (iii) If it does not meet the test and the Chief Finance Officer considers that, whether or not altered, it will not do so, that officer shall refer the amendment to the Proper Officer who shall proceed with it as an improper amendment under Rule 11(3)(b)."

These amendments are acceptable for consideration in accordance with the Procedure Rules as stated above subject to Council having regard to the comments set out below.

The impact of the proposal would have no net overall effect on the proposed Council Tax level, as there is no net overall addition to the proposed Budget Requirement. This would therefore mean that Council Tax at Band D would remain as follows:

	£	%
Havering	1,195.18	0.0%
GLA	303.00	(1.2)%
Total	1,498.18	(0.2)%

If the budget amendment was agreed, the Council resolution would remain as stated in the Council papers.

On specific matters:

- (i) Special Responsibility Allowances; should the amendment be approved, Council will need to consider an amendment to the Members’ Allowance Scheme that appears elsewhere on this agenda. This is to ensure that the Scheme reflects the proposals and delivers the proposed reduction.

It is important to also note the following:

- (a) The budget for the Members’ Allowance Scheme is set at a level that assumes a certain level of dual roles. Where this is not the case and additional provision is required, it is met from contingency. Recent years have resulted in this being the case, although not to any material extent. The proposals therefore would probably reduce overall spend and therefore the budget, but the exact savings achieved would then depend on how each role is then filled. There would thus be some risk that a call would be needed on the contingency fund, therefore reducing the level of contingency available for other issues
- (b) The budget reports sets out proposals for both 2013/14 and 2014/15. This includes an additional saving of £100k in 2014/15. Should this amendment be agreed, then this saving would still need to be delivered, which would either mean further changes to the Allowances Scheme, or an alternative savings proposal.
- (ii) Interest received; interest rates available to the Council for its investment activities have plummeted over recent months, due in a large payment to the Government’s policy of quantitative easing. It is now extremely difficult to generate much by way of interest. This is therefore risky, especially as we also have a £300k increase next year within the base budget, with a further

planned increase in the following year. This may be deliverable through cash flow management, but the level of uncertainty surrounding the new funding system and the option open to council tax payers of shifting to 12 rather than 10 instalments adds to that risk. The cash flow position next year is more unpredictable than in previous years and this brings with it greater risk that the interest budget may not be met.

- (iii) Community Support Bank; the Council currently has the Community Chest fund, which awards grants to grassroots groups. The panel, chaired by the Leader of the Council and made up of HSP Partners, awards grants twice a year. £200k was originally set aside for this fund, from the one-off Local Area Agreement Performance Reward Grant, in 2011/12. The final round of funding awards will take place in March/April 2013.

In addition to this one-off funding, the Council also core funds both HAVCO and the CAB, with an overall sum approaching £300k. The Council also has in place a number of grants and contracts built into its mainstream budget for the provision of specific grants and services. Last year this totalled £7.1m. These payments are however more linked into mainstream service delivery than acting as grant funding for voluntary groups.

The proposed creation of a base sum of £70k would enable the Council to support a small range of activities on an ongoing basis, although as can be seen, this is a small increase set in the context of current spending levels. A process would need to be undertaken to assess applications and determine the allocation of funds. This will require officer time to progress.

- (iv) Havering Works; the budget submitted to Cabinet incorporates the proposed retention of a base budget sum of £1m for deployment on an extended programme of service transformation and to support Council activities to grow the local business base. The localisation of business rates will have a significant impact on local authorities and, even though the actual level of local retention is only 30%, nevertheless, this will be an important revenue source.

The report sets out proposals for the uses of this sum of £1m. The addition of a further sum of £100k would further enable the Council to undertake activities designed to both support and grow the local business base. This would include the provision of advice and guidance, and assistance with finding business locations, and these would supplement the existing activities undertaken across the Council. Again, this is a relatively small addition to the budget proposals.

- (v) Christmas/New Year Parking Arrangements; under this proposal, the existing scheme of charging would be changed, with a period of free parking being allowed for the first two hours in all Council managed car parks across the

borough, during the Christmas period. This would apply to the period between Christmas and New Year, as well as the two weekends immediately preceding the Christmas period. There will be some costs associated with this change, such as adaptations to ticket machines, and a provisional estimate has been made, which is reflected in the proposal, and in the overall net figure of £30k. There are possible implications for other car park facilities, especially in central Romford, as these are expected to be in line with those of the Council in accordance with an original S106 agreement. If the tariffs of other operators are harmonised to this proposal, they would all lose income, and if they did not reduce their charges, they could complain about the Council undercutting the private sector provision, resulting in revenue losses. Otherwise, this proposal would increase the net overall cost of the parking function.

In conclusion, these proposals do not affect the Council Tax level, and although the proposed amendments have degrees of risk associated with them, the sums involved are not of great financial significance. This does mean that, should the amendment be accepted, the overall budget is unlikely to carry a materially higher risk than currently. The amendments themselves represent no overall net adjustment to the Council's overall budget. Members are, however, reminded of the risks, and the advice of the Chief Finance Officer on budget robustness, which are set out in the budget report.

COUNCIL

27 February 2013

**REPORT
CORRECTION**

Subject Heading:

**MEMBERS' ALLOWANCES
SCHEME 2013/14**

This report supplements the main report to this meeting on the Council's Members' Allowances Scheme 2013/14.

The financial implications and the general wording of the report are correct. There is no expansion of the scheme and the costings do not include any additional allowances.

However, the table in the report on page 70, and again in the scheme details set out in Appendix A on page 84, mistakenly includes allowances for the chairmen of the Adjudication and Review Committee and the Appointments Sub-Committee; no such allowances are currently paid, nor are being proposed. For clarity, these tables should read as follows:

Page 70

Category of Allowance	Amount Per Member £
Audit, Pension, Highways, Governance Committee Chairmen	7,650

Page 84

Schedule 1: Members' allowances

Category of Allowance	Amount Per Member £
Audit, Pension, Highways, Governance Committee Chairmen	7,650

The table on page 87 of the report, setting out the amendment on behalf of the Residents' Association Group, is correct.

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