

COUNCIL SUPPLEMENTARY AGENDA

25 February 2015

7 THE COUNCIL'S BUDGET 2015/16 (Pages 1 - 2)

Agenda Items 7A and 7B – Amendments by the Independent Residents' Group and by the Residents' Group

Comments on amendments by Chief Finance Officer – attached.

**Andrew Beesley
Committee Administration
Manager**

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Robustness of the Proposed Amendments to the Council's Budget

Included at appendix H to the Budget report approved by Cabinet on 11th February the Chief Finance Officer (in Havering's case The Director of Communities and Resources) set out the statutory requirements for him to comment on the robustness of the Council's budget proposals and went on to state his opinion at paragraph 2 of that appendix.

Two amendments to the Council's budget have been proposed and these are included on the Council agenda. The CFO's opinion as to the robustness of these proposals is set out below.

Amendment A – By the Independent Residents' Group

The CFO advises that the proposal would;

- a) Trigger a requirement to carry out a referendum amongst residents seeking a majority in favour of an increase in Council Tax of 3%.
- b) Require a provision of £250k to be set aside to meet the costs of holding a referendum and possible re-billing.
- c) Generate an additional £750k (net of the provision) which would be added to reserves in 2015/16.
- d) Increase the council tax base in future years by £1m.
- e) Not impact upon the savings proposals included within the draft budget for 2015/16.

Having considered these matters the Chief Finance Officer advises the proposal can be considered robust although members should be mindful that the recent public consultation exercise did not suggest that a referendum would be successful. A referendum proposal worded in such a way as to increase the level of reserves rather than to fund specific service areas might also be less likely to achieve public support. The cost of an unsuccessful referendum and re-billing estimated at £250k would still have to be funded from the general reserve. There would also be a negative impact upon the Council's cashflow arising from the disruption in Council Tax collection following an in-year rebilling exercise.

Amendment B – By the Residents' Group

The CFO advises that the proposal would require;

- a) The elimination of two cabinet posts and the OVS Board Chair with effect from April 2015.
- b) Savings in communications to be brought forward from 2016/17 to 2015/16.

The CFO considers that these savings could, if Council were so minded, be delivered in 2015/16 and re-directed towards Street Care (£61k), Children's / Youth Services (£50k), Adult Services (50k). To give these sums a degree of context the current year budgets for those services are as follows:

Adult Services	£55.8 million
Children's Services	£25.1 million
Streetcare	£10.8 million

Having considered these matters the Chief Finance Officer advises that the proposal can be considered robust.