

**CABINET
SUPPLEMENTARY AGENDA**

8 February 2012

Supplementary information

5 THE COUNCIL'S BUDGET 2012/2015 (Pages 1 - 6)

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**CABINET**

8 February 2012

**REPORT
SUPPLEMENTARY
INFORMATION****Subject Heading:****THE COUNCIL'S BUDGET
2012/15**

This report supplements the main report to this meeting on the Council's Budget 2012/15.

1. Introduction

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

- Final Local Government Financial Settlement (LGFS)
- Final East London Waste Authority (ELWA) budget proposals
- Updated position for other levies
- Final budget proposals for the Greater London Authority (GLA)
- Primary school places.

Each of these is covered below.

2. Final Settlement

The final LGFS was issued on 31st January, too late for inclusion in the main report. There have been some minor changes to the overall settlement, which are highlighted below, but in very broad terms, these changes are immaterial.

Formula Grant

There has been no change to the Formula Grant from the Provisional Settlement announcement.

Core Revenue Grants

No changes have been made to other grants for 2012/13 for which local authority allocations had previously been announced.

Grants Under Review & Other Grants

There have been minor changes to the national control totals for Specific Grants:

- The New Homes Bonus has increased by £700k (to £431.9m) since the provisional settlement. Unfortunately, the published individual allocations table has not yet been updated to reflect this increase.
- Two new specific grants have been added to the national Specific Grants table for 2012/13. We understand these grants will only be allocated to a few particular local authorities.
 - Mobility Demonstration Projects £500k
 - Gurkha Support £1m.

Any changes to the allocation of the New Homes Bonus are awaited, although given this is an overall increase of less than 0.2%, this is unlikely to be material, if in fact it applies to Havering at all.

3. ELWA

The ELWA budget report was also published on 31st January. As intimated in the main report to Cabinet, the final budget proposed to the Authority has changed from that previously indicated. This is largely due to the impact on landfill waste tonnages from diversions. The final budget presented to the Authority actually showed no overall increase in the levy, whereas it had previously been expected the increase would be in the region of 4% to 5%. However, the actual levy for each individual authority will vary with its predicted tonnage.

Therefore, whilst the overall levy proposed for 2012/13 is now zero, Havering's contribution will now rise from £10,894k to £10,956k, a rise of £62k or 0.6%. This is significantly less than the £500k increase assumed in the original Cabinet report.

The budget report was approved by the Authority at its meeting on 6th February, confirming the figures set out above. Set against the original Cabinet report, this means a reduction of £438k in the forecast ELWA levy. Given the late stage of the budget setting process, it is proposed to retain this balance corporately, for two reasons:

- Long term, as a hedge against future rises in the levy, as given experiences in the last two years, the levy position has changed on the cusp of setting the budget
- Short term, the funds will be deployed alongside the New Homes Bonus, as set out in recommendation 12 (for noting) and paragraph 3.7.5 of the original report.

The effect of this will be to increase the overall funds available to £1.670m, bearing in mind these funds are available for use on a one-off basis.

4. Other Levies

Information on the other levies is extremely late this year. The latest position is as follows:

- LPFA levy £304,395 (final); confirmation letters have been sent out today
- Environment Agency – final decisions are due on 9th February, however provisional estimates are as follows:
 - Anglian - £16,091
 - Thames - £163,637
- Lee Valley – a 2% reduction is believed to have been agreed (£259,880). However, this has not taken into account authorities' new tax base information. Details on the final allocations have not been agreed, however, these will be provided to us by 15th February.

These figures have been reflected in the revised Council Tax statement. On a similar basis to the ELWA levy, given the late stage of the process, any balance between estimated and final sums will be used for the same purpose as the New Homes Bonus.

5. GLA

The Mayor announced that, as part of his final budget proposals, he intended to reduce the GLA band D figure by 1%. His draft consolidated budget proposals for the GLA group were published on Thursday 2nd February. These will be considered at the plenary meeting of the London Assembly on Thursday 9th February. This includes the draft budget proposals for the Greater London Authority (Mayor and Assembly), the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency.

This would produce a GLA precept for residents of the 32 London boroughs in 2012/13 as £306.72 per Band D property, a reduction of £3.10.

On the assumption that this is the final position for the GLA, this will affect the overall, combined Council Tax bandings. In broad terms, the overall impact would be as follows:

	2011/12 £	2012/13 £	% Increase/ (Decrease)
Havering Precept	1,195.18	1,195.18	0.0%
GLA Precept	309.82	306.72	(1.0)%
Total	1,505.00	1,501.90	(0.21)%

6. Primary School Places

The main report advises Cabinet of work underway to create a programme designed to increase capacity within the Council to meet rising demand for primary school places. At the point of concluding the report, the position regarding the authority required for this programme was still being clarified, as officers were concentrating on the quantification of places required, their locations, the overall programme and associated costs.

Advice has subsequently been provided that, whilst approval of the budget by Council is required to provide the necessary financial authority, approval of the detailed school-by-school programme is a decision for the appropriate Cabinet member. This

is consistent with previous decisions by Cabinet and Council, where overall programme sums have been approved as part of the budget setting process, with decisions on detailed schemes being delegated to Cabinet members.

It is therefore recommended to Cabinet that the existing recommendation 6, for Cabinet to note, which reads as follows:

6. That a further report will be brought to Cabinet setting out detailed plans for investment in primary school places.

Is replaced with a revised recommendation 6 as follows:

6. That detailed plans for investment in primary school places will be approved under Cabinet Member delegation, subject to appropriate consultation.

7. Summary

As indicated, the impact of the final LGFS announcement is that there has been no change in the position. There is however a significant reduction in the proposed ELWA levy, as well as further, minor changes to the other levies, all of which have occurred extremely late in the budget setting process. The treatment of these changes is set out above.

A revised version of the levies summary, Appendix D, and the Council Tax statement, Appendix E from the main report, reflecting these changes, is attached.

8. Implications and Risks

The financial, legal and other implications and risks remain as stated in the main report.

LEVIES

The levies are as follows:

	2011/12 £000	2012/13 £000	% Increase (Decrease)	Provisional/ Final
East London Waste Authority	10,894	10,956	0.6%	Final
Environmental Agency (Thames)	164	164	(0.3)%	Provisional
Environment Agency (Anglian)	16	16	(0.1)%	Provisional
Lee Valley Regional Park	265	260	(2.0)%	Provisional
London Pension Fund Authority	306	304	(0.6)%	Final
	11,645	11,700	0.5%	
Note 1 : the remaining provisional levy figures are expected to be finalised by the time of the Council Tax setting meeting				

APPENDIX E

LONDON BOROUGH OF HAVERING
PROVISIONAL COUNCIL TAX STATEMENT – 2012/13 BUDGET

Estimate 2011/12 £		Estimate 2012/13 £	
168,905,105	Havering's Expenditure	171,781,529	
2,000,000	Service Expenditure	2,000,000	
170,905,105	Havering's Own Expenditure	173,781,529	
	Levies		
10,894,000	East London Waste Authority	10,956,000	Final
164,190	Environment Agency (Thames)	163,637	Provisional
16,107	Environment Agency (Anglia)	16,091	Provisional
265,184	Lee Valley Regional Park Authority	259,880	Provisional
306,280	London Pensions Fund Authority (LPFA)	304,395	Final
11,645,761	Sub Total – Levies	11,700,003	
-19,309,066	Unringfenced Grant	-22,698,100	
163,241,800	Sub Total – Total Expenditure	162,783,432	
	External Finance		
-13,348,265	Revenue Support Grant	-1,027,691	
-43,183,889	National Non Domestic Rate	-53,015,411	
-56,532,154	Sub Total – External Finance	-54,043,102	
498,000	Collection Fund Deficit/(Surplus)	-1,008,000	
107,207,646	Havering's Precept on the Collection Fund	107,732,330	

<u>The Collection Fund</u>					
Estimate 2011/12 £		Expenditure	Estimate 2012/13 £		
		Precepts			
107,207,646	1,195.18	London Borough of Havering	107,732,330	1,195.18	
27,790,854	309.82	Greater London Authority (provisional 2012/13)	27,647,434	306.72	
67,322,702	750.53	Contribution to NNDR pool (provisional 2012/13)	67,514,299	749.00	
278,284	3.10	Cost of NNDR collection (provisional 2012/13)	278,284	3.09	
202,599,486	2,258.63	Total Expenditure	203,172,347	2,253.99	
		Total Income			
		National Non-Domestic Rate			
-67,600,986	-753.63	NNDR receivable (provisional 2012/13)	-67,792,583	-752.09	
134,998,500	1,505.00	COUNCIL TAX per Band D property	135,379,764	1,501.90	
89,700		Council Tax Base	90,139		
					Council Tax percentage change (0.21)%
		Council Taxes Per Property Band			Change
Valuation as at 1/4/91	£ p		£ p	£ p	
Under £40,000	1,003.33	Band A	1,001.26	-2.07	
£40,000 - £52,000	1,170.56	Band B	1,168.15	-2.41	
£52,001 - £68,000	1,337.78	Band C	1,335.02	-2.76	
£68,001 - £88,000	1,505.00	Band D	1,501.90	-3.10	
£88,001 - £120,000	1,839.44	Band E	1,835.65	-3.79	
£120,001 - £160,000	2,173.89	Band F	2,169.41	-4.48	
£160,001 - £320,000	2,508.34	Band G	2,503.17	-5.17	
Over £320,000	3,010.00	Band H	3,003.80	-6.20	