

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

ADVICE IN RESPECT OF LABOUR GROUP BUDGET AMENDMENTS

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

Rule 11.9(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 11.9(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	299.00	(1.3)%
Total	1,494.18	(0.3)%

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 additional reduction to the existing budget saving.

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 a risk that a call would be needed on the contingency fund, therefore reducing the level of contingency available for other issues
- (b) The budget already 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 need to be reflected in the changes to the Allowances Scheme. The number of posts attracting an SRA would need to be set accordingly, alongside any proposed amendments to the actual allowance levels, to achieve the overall saving indicated by this proposal, this is likely to require a reduction in the number of SRAs, and potentially the actual level of allowances. This would need to be assessed against any proposed amendments to the Allowances' Scheme that are put forward, to ensure that the full level of saving can be delivered.
- (ii) Revenue Contingency; the contingency level held within the budget is subject to an annual risk assessment and the details were set out in the report to Cabinet in February. This review concluded that the existing sum of £2m should be retained for now. This is, however, a broad view of the financial

position, and in recent years, the full sum has not been utilised, though the remaining balance has enabled the Council to build up its Strategic Reserve to help fund the current transformation programme. It is proposed that the additional reduction in allowances of £50k would be added to the contingency sum, increasing this to £2.05m, marginally above the risk-assessed level included in the report to Cabinet. Should this increased sum not be used in full, then the balance would be available to increase reserves.

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.