

PROPOSED BUDGET AMENDMENT FROM THE RESIDENTS' ASSOCIATION INDEPENDENT GROUP

(Proposer Cllr John Tyler)

(Seconded Cllr Philip Ruck)

Proposal

The Residents' Association Independent Group proposes the following budget amendments:

That the following posts are created:

2 x additional Planning Officers	£0.130m
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1 x additional Planning Enforcement Officer	£0.051m
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4 x additional Street Care staff members	£0.191m
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That the library book fund saving is reversed	£0.020m
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That the saving closing Harold Wood Library is reversed for a fixed period of 12 months	£0.101m
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That car parks and on street parking charges for the first hour are reduced by 50p from £2.60 to £2.10	£0.205m
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Reduce the contribution to general balances by £1m to £3.3m. This £1m would be taken as a saving to reduce the Capitalisation Directive required by £1m	£1.000m
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Total costs	£1.698m
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Strategic Director of Resources Financial implications:

The proposal is financed by a reduction in the budgeted level of contribution to general reserves. Whilst this is possible and could be done, as the Council's S151 Officer, it is not a proposal I can recommend. General fund balances/non-earmarked reserves should equate to at least c10% of the Council's net revenue budget. For Havering, this equates to c£20m. At present, General Fund balances are c£10m as at 31st March 2024.

The library saving was agreed by Council in February 2024, to be implemented over a two-year period. This forms part of the Council's Improvement and Productivity Plan and the Council will be held to account for delivery of this saving, as part of the £15.3m overall savings put forward for 24/25.

The investment detailed in the proposal would equate to a £1.698m reduction in the budgeted contribution to reserves in year 1 and, from year 2, it would result in a £1.597m reduction in the budgeted contribution to reserves. This is on the basis that the Harold Wood Library saving is reversed for one year only. Changes to the parking charges would also incur additional costs for new signage. This will add to the cost of the proposal above.

The Council has one of the lowest levels of reserves and balances in London and building balances back up to a level representative of the risks the Council is currently facing is a necessary requirement. In the last two years, the Council's financial risk profile has increased due to pressures significantly outstripping the level of funding the Council receives from Central Government.

The Council has gross expenditure of over £700m and will have a net revenue budget, including the exceptional financial support, of around £275m. For example, each month of payroll is estimated to be c£10m. The planned contributions to reserves are a key part of the Council's strategy to replenish reserves to mitigate against future risks the Council might face.

The other substantive financial risk is the Government's position on the Dedicated Schools Grant Statutory Override for High Needs expenditure which is in place until March 2026. At present, the Government has not yet announced its plans on whether the Statutory Override will continue. If the Override does not continue, the forecast deficit by March 2026 is estimated to be c£65m. Therefore, the Council must do what it can to build up financial resilience through increasing its general fund reserves where possible.