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**REPORT OF the Deputy Chief Executive**

**REPORT TO COUNCIL**

**DATE: 26<sup>th</sup> February 2014**

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**SUBJECT: REVENUE BUDGET 2014/15 – LIBERAL DEMOCRATS AMENDMENT**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**1. INTRODUCTION**

- 1.1. This report provides Members of Council with comments on the robustness of the proposals contained in the amendments to the Budget Motion in the name of Councillor Stewart Golton.

**2. ROBUSTNESS OF ESTIMATES**

- 2.1 The Local Government Act (Part II) 2003 places a requirement on the Council that when making decisions on the setting of the Council's budget and the Council Tax, they must consider a report from the Council's statutory finance officer (The Deputy Chief Executive) on the robustness of the budget and the adequacy of reserves within the proposals. The report of the Deputy Chief Executive at item 5 (i) on the Council Summons includes at section 8 comments to this effect in respect of the proposed Budget Motion.
- 2.2. Given this requirement, in considering any proposed amendment to the Budget Motion, Members must also consider the comments of the Deputy Chief Executive on the robustness of the proposals. These comments supplement those contained in the main report.

**3. PROPOSED AMENDMENT**

- 3.1 Councillor Golton's amendments to the Budget Motion set out his proposals showing areas of additional spend and the sources of funding which are largely self explanatory. In considering these amendments, the Deputy Chief Executive would wish members of Council to be aware of the following:

- (a) In amendments 11, 12 and 13 the payment of a flat rate pay increase up to spinal point 49 rather than an across the board pay award, an increase in non-school staff pay to bring them up to a minimum pay level, a reduction in the funding of full time union convenors, a freeze on all increments and a restriction on car mileage allowances are proposed. As these form part of employees' terms and conditions of employment they can only be achieved either by agreement with the Trade Unions or through the dismissal and reengagement of staff on new contracts of employment. The amendments assume that they could be achieved within a six month timescale. Amendment 12 also assumes that when implemented, the remaining six months of increments are removed from staff who received them in April 2014.

It should also be noted that there may be consequent implications for the minimum pay level of some school based staff, the cost of which would need to be met from within the Dedicated Schools Grant.

- (b) In amendment 12 a freeze on the Council Tax may have an impact on the income base of the Council going forward and the freeze grant is only certain for the next two years.
- (c) In amendments 11,12, 13, 15, 16 and 18 the cumulative effect is to increase the use of general fund reserves by £3.7m which would result in general fund reserves of £18m as at 31<sup>st</sup> March 2015, which is within the tolerance limit under the risk based reserves strategy. This would be considered reasonable on the understanding that savings would be identified to replenish reserves in future years.
- (d) In amendment 17 the funding from Public Health will be subject to a clear demonstration that this meets the conditions of the Public Health ring-fence.

3.2 Should these budget amendments be approved, they will be subject to the Council's procedures for further consultation and will need to be informed by Equality Impact Assessments as appropriate.

#### **4. OVERALL CONCLUSION**

The Budget Motion to Council reflects a significant reduction in funding and as such contains savings proposals which carry varying degrees of risk. This is set out in section 8 of the main budget report and in each of the specific Directorate reports attached.

In conclusion, whilst the amendments to the Budget Motion in the name of Cllr Stewart Golton imply further risks to the main proposals, they will not materially impact on the overall robustness of the Council's estimates for 2014/15 or the adequacy of its general fund reserves as at 31<sup>st</sup> March 2015.