

COUNCIL – 10 FEBRUARY 2012

**BUSINESS STRATEGY AND SERVICE & RESOURCE PLANNING
2012/13 – 2016/17**

**Commentary on the Opposition, Labour and Green Group's
amendments to the proposed budget 2012/13 – 2016/17**

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. This report needs to be read in conjunction with my reports to the Council on the Business Strategy and Service & Resource Planning 2012/13 – 2016/17, which sets out my commentary on the Council's financial position overall including the adequacy of reserves and balances.
2. The Opposition (the Liberal Democrat Group), Labour Group and the Green Group have produced amendments to the Cabinet's budget. The commentary on those amendments is set out below.

Liberal Democrat Group

Overview

3. The Liberal Democrat Group's budget proposals are based on a freeze in Council Tax in 2012/13 with a 3.75% increase in 2013/14 and beyond. This is the same as the Cabinet's proposals.

Investment Proposals and Directorate Savings

4. The amendments to the Directorate expenditure and savings proposals are included within Annex 1 to the Liberal Democrat Group's Report. They are discussed with the Directorate proposals below.
5. Additional savings totalling £2.959m over the three year period are proposed which are all subsequently allocated back to services. The savings are achieved by adding new charges, reducing expenditure and utilising balances, whilst the additional expenditure is applied by adding additional expenditure, reducing savings, and adjusting reserves.

Directorate Proposals

6. The additional savings proposed by the Liberal Democrats include a new charge for Museum entry, the assumption of income generated is at a reasonable level. In addition further savings are made by decreasing energy

usage, reducing the marketing budget, and with reductions to the Change Fund, all of which are achievable savings.

7. Also included in 2012/13 is the use of £1.059m from balances. Given the uncertainty around the funding from 2013/14 there is a risk that this might need to be added back to balances in that year.
8. The final saving relates to adjustments to the pensions budget for past service deficit. Of the current budget the proposal is to reduce this by £0.5m from 2012/13 on an on-going basis. The impact of the reduction in the pensions budget is uncertain but there is a risk that this could lead to a shortfall on the past service deficit when the next revaluation is undertaken in late 2013 for implementation in 2014/15.
9. Proposals for use of the Efficiency Reserve differ from the Cabinet, with £0.251m being added to the reserve overall over the three years to 2014/15 compared to £0.388m being drawn from the reserve by the Cabinet. This provides an additional £0.639m in the Efficiency Reserve compared to the Cabinet and could therefore be used as a contribution towards putting £1m back into balances (see paragraph 7).
10. Most of the additional expenditure proposed by the Liberal Democrats is being allocated to Children, Education & Families, Social & Community Services and to Capital.
11. Additional funding is allocated to the Early Intervention Service, providing one extra outreach youth worker per hub. Additional funding is also proposed for Family Intervention Projects in response to the Government's Troubled Families initiative totalling £0.5m in 2013/14 reducing to £0.1m on an on-going basis thereafter. One off funding is also proposed to provide English classes for speakers of other languages.
12. In Social & Community Services there is additional support for Carers plus additional investment in equipment and occupational therapists for the elderly. Additional funding is also proposed for undertaking financial assessments for clients with learning disabilities and mental health needs.
13. The Cabinet proposals to only provide free transport to Day Centres for those clients who meet the FACS eligibility criteria are removed. This proposal by the Liberal Democrat group means that free transport will be provided to all users.
14. Within Environment & Economy, an additional £0.2m per year is proposed for the Area Stewardship Fund. This would take the annual fund total to £1.2m. In addition, a contribution to capital of £1m is proposed for Grove railway station design work linked to the East West Rail Link. In addition, a small amount of additional funding is proposed for public transport bus subsidies.
15. One-off funding is proposed to support Post Office regeneration.

Summary

16. The Liberal Democrats have produced amendments to the Cabinet's proposals which are funded by increasing charges for Museums and reducing some expenditure, along with the adjustment of reserves. This has enabled some alternative funding proposals all of which are considered deliverable.

Labour Group

Overview

17. The Labour Group has not produced amendments to the Cabinet's budget proposals but they have proposed a change to the Virement Rules.
18. The proposed change relates to responsibility for agreeing permanent virements less than £0.250m in value that do not involve a major change in policy. The Cabinet's proposal delegates this to the relevant Director and Chief Finance Officer. The Labour group propose that virements less than £0.250m that do not involve a major change in policy may be delegated to the relevant Director and Chief Finance Officer unless there is a change to the staffing establishment. Any change to the staffing establishment would require Cabinet approval.
19. This proposal is considered deliverable.

Green Group

Overview

20. The Green Group's budget proposals are based on a 3.49% Council Tax increase in 2012/13 and increase of 3.75% beyond then, the same level as the Cabinet over the medium term. The proposed increase of 3.49% in 2012/13 is just beneath the level which will trigger a referendum. However, there could be some adverse comment from Secretary of State for Communities and Local Government in not taking up the Council Tax Freeze Grant.

Investment Proposals and Directorate Savings

21. The amendments to the Directorate expenditure and savings proposals are included within the annex to the Green Group's Report. They are discussed with the Directorate proposals below.
22. Additional income rising to £11.751m over the three year period are proposed which are all subsequently allocated back to services. The savings are achieved by increasing council tax and adding new income; whilst the additional expenditure is applied by reducing savings, adding additional expenditure and adjusting contributions from reserves.

Directorate Proposals

23. The main savings proposal is achieved through an increased level of Council Tax for 2012/13. The Group propose not to accept the Council Tax Freeze grant and set a 3.49% increase in council Tax. This generates additional funding of £2.817m in 2012/13, and removes the impact of the Council Tax freeze grant falling out in 2013/14 saving £7.113m.
24. In addition the Green Group propose charges of £2 per day at the two Park & Ride sites owned by the County Council. This is expected to generate £0.900m. This is likely to be achievable, as it takes account of the potential reduction in use higher charges could bring.
25. The additional expenditure relates mainly to Adult Social Care. The proposals reduce the savings in Older People, Learning Disabilities, Physical Disabilities and Mental Health. In total reduced savings of £2.512m are proposed for 2012/13 with further reductions of £1.945m in 2013/14 and £0.302m in 2014/15.
26. Proposals by the Cabinet to only provide free transport to Day Centres for those clients who meet the FACS eligibility criteria are removed. This proposal by the Green Group means that free transport will be provided to all users.
27. The Green Group proposals also include the removal of the Community Library element of the savings proposed by the Cabinet. This totals £0.313m by 2014/15.
28. On-going funding is also proposed for preventing homelessness in Children's Services and in relation to Supporting People totalling £0.2m; additional apprentices £0.3m; English Classes for speakers of other languages £0.2m; an advice and advocacy service £0.5m; plus funding for a credit union providing some up front resources to enable people to pay deposits for rented accommodation for example.
29. A contribution to capital is also proposed in 2012/13 of £3.584m. This would be used for home insulation schemes.
30. The net effect of the additional income raised and expenditure proposals result in a lower amount required to be drawn from the Efficiency Reserve to balance the budget over the medium term. Use of the Efficiency Reserve would need to be replaced with on-going funding from 2015/16 of £0.637m compared to £5.536m proposed by the Cabinet.

Summary

31. The Green Group have produced amendments to the Cabinet's proposals which increase the level of Council Tax in 2012/13 and raise additional income from parking. A significant amount of this is then put into Adult Social Care, reducing the savings required. These amendments are considered reasonable and deliverable.

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