

LABOUR GROUP BUDGET AMENDMENTS 2014/15

The City Council is asked to consider the following amendments to the Executive's budget proposal contained in Minute EX006/14, Executive Response to the Budget Consultation and Recommendations for the 2014/15 Budget (Key Decision).

Labour Group Proposed Amendment No. 1

Council Tax:

The Government recently announced that additional funding for previous years Council Tax freezes (2011/12 and 2013/14) is now to be included in the Revenue Support Grant Settlement from 2015/16. This was an eleventh hour U turn by the Government and accordingly the Council did not previously budget for this as the grants were initially on a non-recurring basis. The grant funding previously included in the budget proposals has now been amended to reflect that the Council Tax Freeze Grant is recurring and will be subsumed within RSG. This change now allows the Council to absorb the additional cost of freezing Council Tax for 2014/15 and 2015/16 whilst maintaining adequate revenue reserves. The proposed budget has been revised and now includes the financial impact of a Council Tax Freeze for 2014/15 and 2015/16.

Proposed by: Cllr Dr L Tickner

Seconded by: Cllr C Glover

Director of Resources Comments and Impact on the Executive's budget proposals:

The consequences of accepting this amendment is that there will be a net reduction of £68,000 in the revenue expenditure budget for 2014/15 with a net reduction of £99,000 in 2015/16. Funding streams will reflect the recurring nature of the grant and there will be an increase of £199,000 in the level of overall Council reserves available.

The proposal will reduce the level of Council Tax increase proposed by the Executive from 1.99% to 0% for 2014/15 and provide an indicative 0% increase for 2015/16.

The proposal has no impact on the Capital Programme proposed by the Executive.

The main changes to the Executive's Revenue Budget proposals for 2014/15 as set out in Minute EX006/14, as a result of this amendment, are detailed in the (purple) document from the Director of Resources dated 24th January 2014.

CONSERVATIVE GROUP BUDGET AMENDMENTS 2014/15

The City Council is asked to consider the following amendments to the Executive's budget proposal contained in Minute EX006/14, Executive Response to the Budget Consultation and Recommendations for the 2014/15 Budget (Key Decision).

Conservative Group Proposed Amendment No. 1

Council Tax Freeze Grant:

To accept the Government's offer of the council tax freeze grant for 2014/15 and 2015/16 of 1% equating to £68,000 per annum as detailed in their letter of 15th January 2014, in conjunction with accepting the recurring nature of previous years council tax freeze grants. This will enable the Council to approve a 0% increase for the Council's share of Council Tax for 2014/15 and provide an indicative 0% increase for 2015/16. This proposal is to be funded by appropriation to and from Revenue Reserves.

Proposed by: Cllr J Mallinson

Seconded by: Cllr G Ellis

Director of Resources Comments and Impact on the Executive's budget proposals:

The consequences of accepting this amendment is that there will be a net reduction of £68,000 in the revenue expenditure budget for 2014/15 with a net reduction of £99,000 in 2015/16. Funding streams will reflect the recurring nature of the grant and there will be an increase of £199,000 in the level of overall Council reserves available.

The proposal will reduce the level of Council Tax increase proposed by the Executive from 1.99% to 0% for 2014/15 and provide an indicative 0% increase for 2015/16.

The proposal has no impact on the Capital Programme proposed by the Executive.

The amendment will result in the following main changes to the Executive's Revenue Budget proposals for 2014/15 as set out in Minute EX006/14:

Schedule 2 – Proposed Budget Reductions

- There would be an increase in non recurring budget reductions of £68,000 in 2014/15 and £99,000 in 2015/16.

Schedule 5 – Summary Net Budget Requirement

- Total Revenue Expenditure would reduce by £68,000 in 2014/15 and £99,000 in 2015/16.
- Contributions to reserves in respect of non-recurring commitments will increase by £68,000 and £99,000 in years 2014/15 and 2015/16 respectively.
- Contributions in respect of recurring commitments would change by £119,000 in 2014/15; £6,000 in 2015/16; £124,000 in 2016/17; £118,000 in 2017/18 and £113,000 in 2018/19.

Schedule 6 – Total Funding and Provisional Council Tax Projections

- The yield from Council Tax would reduce by £119,000 in 2014/15; by £241,000 in 2015/16; by £247,000 in 2016/17; by £253,000 in 2017/18 and by £258,000 in 2018/19.

- Revenue Support Grant would increase by £235,000 in 2015/16 and by £371,000 in 2016/17 onwards.

Schedule 10 – Useable Reserve Projections

- There would be an increase in the level of General Fund/Project Reserve projections of £199,000 by 2018/19.

LIBERAL DEMOCRAT GROUP BUDGET AMENDMENTS 2014/15

The City Council is asked to consider the following amendments to the Executive's budget proposal contained in Minute EX006/14, Executive Response to the Budget Consultation and Recommendations for the 2014/15 Budget (Key Decision).

Liberal Democrat Group Proposed Amendment No. 1

Members' Allowances:

Members' allowances are due to increase by 1% in line with the officers pay award for 2014/15. This proposal is to freeze the allowances paid to Members in 2014/15, equating to a total saving of approximately £3,000 per annum, with the saving being used to support staff well-being initiatives e.g. staff healthy living schemes.

Proposed by: Cllr O Luckley

Seconded by: Cllr M Gee

Director of Resources Comments and Impact on the Executive's budget proposals:

The proposal has no impact on the Council's total revenue budget with no changes to the level of Council Revenue Reserves.

The proposal has no impact on the level of Council Tax increase proposed by the Executive.

The proposal has no impact on the Capital Programme proposed by the Executive.

The amendment will result in the following main changes to the Executive's Revenue Budget proposals for 2014/15 as set out in Minute EX006/14:

Schedule 2 – Proposed Budget Reductions

- There would be an increase in recurring budget reductions of £3,000 in 2014/15 onwards.

Schedule 3 – Recurring Budget Increases

- There would be an increase in recurring budget pressures of £3,000 in 2014/15 onwards.

Schedule 5 – Summary Net Budget Requirement

- There would be no change to the total Recurring Revenue Expenditure; however budget reductions would increase by £3,000 in 2014/15 onwards, with a corresponding increase in new spending pressures.

BUDGET AMENDMENTS 2014/15 CARRIED AT COUNCIL 4TH FEBRUARY 2014

The City Council considered and carried the following amendments to the Executive's budget proposal contained in Minute EX006/14, Executive Response to the Budget Consultation and Recommendations for the 2014/15 Budget (Key Decision).

Labour Group Proposed Amendment No. 1

Council Tax:

The Government recently announced that additional funding for previous years Council Tax freezes (2011/12 and 2013/14) is now to be included in the Revenue Support Grant Settlement from 2015/16. This was an eleventh hour U turn by the Government and accordingly the Council did not previously budget for this as the grants were initially on a non-recurring basis. The grant funding previously included in the budget proposals has now been amended to reflect that the Council Tax Freeze Grant is recurring and will be subsumed within RSG. This change now allows the Council to absorb the additional cost of freezing Council Tax for 2014/15 and 2015/16 whilst maintaining adequate revenue reserves. The proposed budget has been revised and now includes the financial impact of a Council Tax Freeze for 2014/15 and 2015/16.

Conservative Group Proposed Amendment No. 1

Council Tax Freeze Grant:

To accept the Government's offer of the council tax freeze grant for 2014/15 and 2015/16 of 1% equating to £68,000 per annum as detailed in their letter of 15th January 2014, in conjunction with accepting the recurring nature of previous years council tax freeze grants. This will enable the Council to approve a 0% increase for the Council's share of Council Tax for 2014/15 and provide an indicative 0% increase for 2015/16. This proposal is to be funded by appropriation to and from Revenue Reserves.

Liberal Democrat Group Proposed Amendment No. 1

Members' Allowances:

Members' allowances are due to increase by 1% in line with the officers pay award for 2014/15. This proposal is to freeze the allowances paid to Members in 2014/15, equating to a total saving of approximately £3,000 per annum, with the saving being used to support staff well-being initiatives e.g. staff healthy living schemes.

Director of Resources Comments and Impact on the Executive's budget proposals:

The consequences of accepting this amendment is that there will be a net reduction of £68,000 in the revenue expenditure budget for 2014/15 with a net reduction of £99,000 in 2015/16. Funding streams will reflect the recurring nature of the grant and there will be an increase of £199,000 in the level of overall Council reserves available.

The proposal will reduce the level of Council Tax increase proposed by the Executive from 1.99% to 0% for 2014/15 and provide an indicative 0% increase for 2015/16.

The proposal has no impact on the Capital Programme proposed by the Executive.

The amendment will result in the following main changes to the Executive's Revenue Budget proposals for 2014/15 as set out in Minute EX006/14:

Schedule 2 – Proposed Budget Reductions

- There would be an increase in non recurring budget reductions of £68,000 in 2014/15 and £99,000 in 2015/16.
- There would be an increase in recurring budget reductions of £3,000 in 2014/15 onwards.

Schedule 3 – Recurring Budget Increases

- There would be an increase in recurring budget pressures of £3,000 in 2014/15 onwards.

Schedule 5 – Summary Net Budget Requirement

- Total Revenue Expenditure would reduce by £68,000 in 2014/15 and £99,000 in 2015/16.
- Recurring budget reductions would increase by £3,000 in 2014/15 onwards, with a corresponding increase in recurring new spending pressures.
- Contributions to reserves in respect of non-recurring commitments will increase by £68,000 and £99,000 in years 2014/15 and 2015/16 respectively.
- Contributions in respect of recurring commitments would change by £119,000 in 2014/15; £6,000 in 2015/16; £124,000 in 2016/17; £118,000 in 2017/18 and £113,000 in 2018/19.

Schedule 6 – Total Funding and Provisional Council Tax Projections

- The yield from Council Tax would reduce by £119,000 in 2014/15; by £241,000 in 2015/16; by £247,000 in 2016/17; by £253,000 in 2017/18 and by £258,000 in 2018/19.
- Revenue Support Grant would increase by £235,000 in 2015/16 and by £371,000 in 2016/17 onwards.

Schedule 10 – Usable Reserve Projections

- There would be an increase in the level of General Fund/Project Reserve projections of £199,000 by 2018/19.

Report to Executive

Agenda
Item:

A.1(B)(3)

Meeting Date: 17 February 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Considered under general exception
Within Policy and Budget Framework YES
Public / Private Public

Title: CONSIDERATION OF BUDGET AMENDMENTS 2014/15
Report of: DIRECTOR OF RESOURCES
Report Number: RD86/13

Purpose / Summary:

This report seeks to assist the Executive to respond to the proposed budget amendments carried by Council on 4 February 2014. Executive are asked to reconsider their budget proposals in light of these amendments and respond with their considerations at Council on 20 February 2014.

Recommendations:

The Executive is requested to consider the proposed budget amendments carried by Council on 4 February and make recommendation to Council on 20 February 2014 in regards to the following:

- (i) Acceptance of the Government's Council Tax Freeze Grant for 2014/15 and 2015/16, in conjunction with noting the recurring nature of previous years freeze grants, and to approve a zero increase to the City Council's share of Council Tax for 2014/15 (two proposed amendments);
- (ii) Provide funding to support staff well-being initiatives of £3,000 per annum funded from the freezing of Members' allowances in 2014/15.

Tracking

Executive:	17 February 2014
Council:	20 February 2014

1. INTRODUCTION

The Executive budget proposals for 2014/15 to 2018/19 were approved by the Executive at its meeting of 15 January for consideration at full Council at its meeting on 4 February.

At its meeting on 4 February, the Council debated several amendments to the budget proposals and carried budget amendments in respect of:

- Council Tax and Council tax Freeze Grant
- Members' Allowances

Although subsequently withdrawn, Members also noted that a proposal on the refurbishment of war memorials would be taken on board by the Executive and that a report be presented to a future meeting on how the proposal could be funded.

Members should also note that since the Council meeting, the Government has confirmed the final RSG figures with only a minimal change to the draft figures received in December. All other specific grants have been confirmed and the outstanding Parish Precepts have been received. There are no changes required to the figures as originally presented as a result of these notifications.

The Government has reviewed the capping level for Council Tax increases that would invoke a local referendum; this has been confirmed at 2%.

2. COUNCIL TAX AND COUNCIL TAX FREEZE GRANT (two proposed amendments)

The DCLG wrote to all Councils on 15 January outlining the Council Tax Freeze Scheme for 2014/15 and provided some clarification as to the grants awarded for freezing council tax in 2011/12 and 2013/14.

The DCLG confirmed that 'Funding for 2011/12 and 2013/14 freeze grants is now in the local government settlement total for future years' and this, therefore, confirms the recurring nature of the grants.

With regard to the 2014/15 council tax freeze, the government has again offered a grant to freeze council tax in 2014/15 equivalent to 1% which will be payable in 2014/15 and 2015/16. For the Council this equates to £68,000 per annum. However, in line with the announcement regarding the 2011/12 and 2013/14 freeze grants, indications are that after 2015/16, this funding will be added into the overall local government settlement figures (RSG) and will be recurring in nature. The letter states 'This gives as much certainty as possible at this stage that the extra funding for freezing council tax will remain available.'

The table below shows the implications of the DCLG's announcement on the revenue budget. A 0% increase in the City Council's share of Council Tax for 2014/15 is recommended.

	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
	£000	£000	£000	£000	£000	£000
Additional Net Cost of Council Tax Freeze for 2014/15	51	54	57	59	62	283
Additional Net Cost of Council Tax Freeze for 2015/16	0	51	54	58	60	223
Additional Income from 2011/12 & 2013/14 Freeze grants	0	0	(235)	(235)	(235)	(705)
Net Additional Income	51	105	(124)	(118)	(113)	(199)

3. MEMBERS' ALLOWANCES

The saving of £3,000 per annum, generated from freezing Members' allowances in 2014/15, is to provide additional funding to support staff well-being initiatives for example, healthy living schemes. For 2014/15 the proposal is to top up existing Organisational Development budgets and utilise the funding to improve staff facilities within the Civic centre and the Bothy at Bousteads Grassing. **This amendment has no impact on the total revenue budget and no impact on the level of revenue reserves.**

4. CONSULTATION

The Executive's budget proposals were considered by Council on 4 February 2014 following consultation with Overview & Scrutiny Panels, and the public.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is requested to consider the proposed budget amendments carried by Council on 4 February and make recommendation to Council on 20 February 2014 in regards to the following:

- (i) Acceptance of the Government's Council Tax Freeze Grant for 2014/15 and 2015/16, in conjunction with noting the recurring nature of previous years freeze grants, and to approve a zero increase to the City Council's share of Council Tax for 2014/15 (two proposed amendments);
- (ii) Provide funding to support staff well-being initiatives of £3,000 per annum funded from the freezing of Members' allowances in 2014/15.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

To ensure that a balanced budget is set.

Contact Officer: **Alison Taylor**

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Economic Development – not applicable

Governance – The Council has a fiduciary duty to manage its resources properly and for the benefit of its community. In doing so, it is required to take account of the advice it receives from its chief finance officer, the Director of Resources. The Council must have a balanced budget to deliver its services and also achieve and sustain an appropriate level of reserves.

Local Environment – not applicable

Resources – contained within the report.