

27 February 2014

Brighton &amp; Hove City Council

<b>Subject:</b>	<b>General Fund Revenue Budget &amp; Council Tax 2014/15 - Extract from the Proceedings of the Policy &amp; Resources Committee Meeting held on the 13<sup>th</sup> February 2014</b>		
<b>Date of Meeting:</b>	<b>27 February 2014</b>		
<b>Report of:</b>	<b>Head of Law</b>		
<b>Contact Officer:</b>	<b>Name: Mark Wall</b>	<b>Tel: 29-1006</b>	
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<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE*****Action Required of the Council:***

To receive the item referred from the Policy &amp; Resources Committee for approval:

**Recommendation:**

- (1) That the core elements of the 2014/15 General Fund Revenue Budget proposals contained in the body of this report which have been based on a threshold council tax increase, subject to recommendation (4) below, be approved, including:
  - (i) The 2014/15 budget allocations to services as set out in appendix 1.
  - (ii) The council's net General Fund budget requirement for 2014/15 of £225.3m.
  - (iii) The budget savings package as set out in appendix 4.
  - (iv) The contingency budget of £4.37m as set out in table 8.
  - (v) The reserves allocations as set out in paragraph 3.39 and table 6.
  - (vi) The borrowing limit for the year commencing 1 April 2014 of £380m.
  - (vii) The annual Minimum Revenue Provision statement as set out in appendix 10.
  - (viii) The Prudential Indicators as set out in appendix 11 to this report.
  - (ix) The proposed responses to the scrutiny recommendations as set out in appendix 16.

- (2) That the Equalities Impact Assessments set out in Appendix 13 to the report be noted;
- (3) That the revised Medium Term Financial Strategy and resource projections for 2014/15 to 2019/20 as set out in appendix 8 to the report be noted;
- (4) That it be noted that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.4 of the report; and
- (5) That for the purposes of enacting the Business Rates discount and relief changes announced in the government's Autumn Statement 2013, delegated authority be granted to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.17 of the report.

## **POLICY & RESOURCES COMMITTEE**

**4.00 pm 13 February 2014  
COUNCIL CHAMBER, HOVE TOWN HALL**

### **DRAFT MINUTES**

**Present:** Councillor J Kitcat (Chair); Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Hamilton, Lepper, A Norman, Peltzer Dunn, Randall and Shanks.

### **PART ONE**

#### **121 GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2014/15**

- 121.1 The Chair stated that he wished to thank all the officers involved for their work in preparing the budget report for 2014/15, and noted that there were two amendments which had been circulated and stated that he would ask for these to be moved in turn so that they could then be taken into consideration as part of the general debate on the budget.
- 121.2 Councillor Morgan requested that following consideration of the report, each of the recommendations listed in the report should be taken and voted on separately rather than en block.
- 121.3 The Chair noted that the Committee were in agreement with Councillor Morgan's request and confirmed that he would put each recommendation to the vote in accordance with the committee's wishes.

- 121.4 The Executive Director for Finance & Resources introduced the report which set out the final proposals for the General Fund Revenue Budget and Council Tax for 2014/15. She stated that the committee was asked to recommend the budget to Full Council which would then make the final decision on the revenue budget and council tax on the 27<sup>th</sup> February. She noted that the core budget proposals were based on a 2% Council Tax increase, but in accordance with the Administration's aims, a 4.75% increase was accounted for within the recommendations and if approved would then trigger a referendum. She also noted that the budget proposals considered at the Committee's December meeting had not accounted for the Government's Financial Settlement which had not been available. However, this information had since been received and included in the budget profile which provided for a balanced budget.
- 121.5 Councillor Littman thanked the officers for their work on the budget and stated that he wished to recommend the budget as proposed to all Members. He noted that the anticipated level of savings for 2015/16 were significant and therefore it was important to set the council tax at an appropriate level to enable future budgets to account for the level of income that it would produce.
- 121.6 Councillor G. Theobald moved an amendment on behalf of the Conservative Group, which sought to remove the proposed 4.75% Council Tax increase and to ask officers to bring forward budget proposals that would provide for a council tax freeze in line with the government's recommendations. He believed that it was not necessary to have a council tax increase and that further savings could be identified to enable this to be achieved.
- 121.7 Councillor A. Norman formally seconded the amendment and also wished to thank the officers involved for their work in providing the budget report that was before the committee and their help with meeting requests for information from the opposition groups. She noted that in the recent consultations on the proposed council tax increase, it was evident that the public view was opposed to such a high increase and she suggested that there should be market testing of services to ensure value for money was being achieved as outlined by the scrutiny recommendations. She believed that there were opportunities to meet the additional savings that were required to enable a council tax freeze and therefore the amendment should be supported.
- 121.8 Councillor Morgan moved an amendment on behalf of the Labour & Co-operative Group, which sought to maintain a council tax increase of 2%, and stated that he wished to thank the officers involved in the budget process. He stated that an increase of 4.75% would not be affordable for many residents in the city and believed that if a referendum was held, it would be a clear no vote and therefore it would be better to save on the costs and use the funding to support services that were under pressure. He could not support the Conservative amendment as it did not allow for an increase and would mean that the council was ever-reliant on the government to provide additional funding to make up for the loss of revenue from a council tax increase.
- 121.9 Councillor Hamilton formally seconded the amendment and questioned the level of savings identified for Adult Assessment in relation to the 4.75% council tax increase, as it showed cuts of 50% in each of the four areas that would be supported if the 4.75% increase was approved. He queried whether it was appropriate to show an

even spread of cuts and whether there was a need to review these in more detail. He was confident that with a 2% council tax increase the council would be able to meet its obligations in relation to social care. He believed that there was a need to increase the council tax rather than freeze it, as the council would lose out each year in real terms because of the level of inflation. He did not believe that a referendum would result in approval for a 4.75% council tax increase and therefore it was more prudent to have a 2% increase and maintain the council's position in relation to future years and inflation.

- 121.10 Councillor Shanks stated that she accepted a 4.75% increase was a difficult one to take forward, however she believed that if it was supported by the council, it would be something that people could be persuaded to agree to.
- 121.11 Councillor Littman referred to the two amendments that had been proposed and stated that he felt it was inappropriate to request officers to rework the budget to enable a council tax freeze and in view of the need to increase council tax to meet the unprecedented cuts in service that were likely, it was only right to put the matter to the residents of the city to decide. The difference in the actual rise between a 2% and 4.75% increase for a Band D property was less than £3.00 and he believed that residents would accept this level of increase.
- 121.12 Councillor G. Theobald stated that a council tax freeze would be supported by a grant of £1.2m from the Government which was written in to the base budget and would therefore continue in future years. He believed the difference between the proposed freeze and a council tax increase was therefore only £800k and such an amount could be found from additional savings across the council. He could not accept the proposed expenditure associated with the running of a referendum and argued that it should be used to maintain current services.
- 121.13 The Chair questioned how the outcome of a referendum could be second guessed at this point in time and noted that the recent Argus poll only accounted for 1.9% of the electorate, and that the council's consultation exercise had shown 56% in favour of a council tax rise. There was a crisis in the social care funding which could not be ignored and the Revenue Support Grant was decreasing year on year. There was also a need to keep up with inflation and the previous council tax freezes had meant that the council was £4m worse off as a result.
- 121.14 Councillor Morgan queried whether the estimated cost of £886k for the referendum was correct.
- 121.15 The Chair stated that if all the costs associated with the running of a referendum were added up then it was a correct figure, however he referred to appendix 17 of the report and noted the difference shown for a yes and a no vote.
- 121.16 The Chair then put the Conservative Group's amendment to the vote which was lost.
- 121.17 The Chair then put the Labour & Co-operative Group's amendment to the vote which was lost.
- 121.18 The Chair then put each of the recommendations as listed in the report to the vote, which resulted in the following:

- (i) Recommendation 2.1.1 was carried;
- (ii) Recommendation 2.1.2 was lost;
- (iii) Recommendation 2.1.3 was carried;
- (iv) Recommendation 2.2 was carried;
- (v) Recommendation 2.3 was carried;
- (vi) Recommendation 2.4 was carried.

121.19 **RESOLVED TO RECOMMEND:**

- (1) That the core elements of the 2014/15 General Fund Revenue Budget proposals contained in the body of this report which have been based on a threshold council tax increase, subject to recommendation (4) below, be approved, including:
  - (i) The 2014/15 budget allocations to services as set out in appendix 1.
  - (ii) The council's net General Fund budget requirement for 2014/15 of £225.3m.
  - (iii) The budget savings package as set out in appendix 4.
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  - (vi) The borrowing limit for the year commencing 1 April 2014 of £380m.
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- (3) That the revised Medium Term Financial Strategy and resource projections for 2014/15 to 2019/20 as set out in appendix 8 to the report be noted;
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