

26 February 2015

Brighton & Hove City Council

Subject:	General Fund Revenue Budget & Council Tax 2015/16 - Extract from the Proceedings of the Policy & Resources Committee Meeting held on the 12th February 2015		
Date of Meeting:	26 February 2015		
Report of:	Monitoring Officer		
Contact Officer:	Name: Mark Wall	Tel: 29-1006	
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Wards Affected:	All		

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

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

Recommendation: That the following be referred to the Council for consideration:

- (1) The Administration's proposed 5.9% Council Tax increase in the Brighton & Hove element of the council tax, including:
 - (i) The 2015/16 budget allocations to services as set out in Appendix 1.
 - (ii) The council's net General Fund budget requirement for 2015/16 of £220.2m.
 - (iii) The referendum budget savings package as set out in Appendix 7.
 - (iv) The additional budget proposals for a substitute budget of £4.293m as set out in Appendix 8.
 - (v) The funding of the costs associated with holding a referendum on the 7 May 2015 in accordance with Chapter IVZA of the Local Government Finance Act 1992 and associated regulations as set out in table 2.
 - (vi) The reserves allocations as set out in paragraph 3.24 and table 2.
 - (vii) The Prudential Indicators as set out in Appendix 12 to this report.
- (2) If recommendation 2.1 is not agreed, further savings as set out in Appendix 9 be agreed (these being sufficient to enable a Council Tax freeze in the Brighton & Hove element of the council tax after taking account of the Freeze Grant available from Government) including consequential adjustments to the reserves allocations and prudential borrowing limits as set in paragraph 3.24 and Appendix 12, and subject to modifications as necessary to be undertaken by officers following consultation with relevant members and that Council agrees a revised council tax resolution to reflect that;

- (3) If neither recommendation 2.1 nor 2.2 are agreed, that Council adopts a Threshold Budget of 2%, which represents the threshold above which a referendum would be triggered, including the consequential adjustments to the reserves allocations and prudential borrowing limits.

[Note: This option uses the Substitute budget savings package and would therefore be the same as the substitute budget proposals with the exception of the difference in one-off costs between these two budget options. The one-off costs comprise the cost of holding the referendum and timing differences for implementation, as set out in Appendix 10.]
- (4) That Council agree the fees and charges referred to Council as outlined in paragraphs 3.21 and 4.5;
- (5) That Council note the Equalities Impact Assessments to cover all budget options and their cumulative effect are set out in Appendices 13 and 14;
- (6) That Council approves the borrowing limit for the year commencing 1 April 2015 of £379m;
- (7) That Council approves the annual Minimum Revenue Provision statement as set out in Appendix 11;
- (8) The proposed responses to the scrutiny recommendations as set out in Appendix 17;
- (9) That Council note the revised Medium Term Financial Strategy and resource projections for 2015/16 to 2019/20 as set out in Appendix 5;
- (10) That Council note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.4;
- (11) That, for the purposes of enacting an extended business rates transitional relief scheme announced in the Autumn Statement 2014, Council grant delegated authority to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.8; and
- (12) That if recommendation (1) above, is agreed, the referendum be held on 7th May 2015.

POLICY & RESOURCES COMMITTEE

4.00 pm 12 February 2015
COUNCIL CHAMBER, HOVE TOWN HALL

DRAFT MINUTES

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

PART ONE**138 GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2015/16**

- 138.1 The Committee noted that the special circumstances for non-compliance with Council Procedure Rule 5, Access to Information Rule 5 and Section 100B of the Local Government Act 1972 as amended (items not to be considered unless the agenda is open to inspection at least five days in advance of the meeting) were that information on the 2014/15 financial position was still being finalised and officers were awaiting critical information about the final Local Government Grant Settlement for 2015/16 from the Department for Communities and Local Government (CLG).
- 138.2 The Interim Executive Director for Finance & Resources introduced the report which detailed the final proposals for the General Fund Revenue Budget and Council Tax for 2015/16. She stated that the budget had been developed in the context of the emerging Corporate Plan and the draft medium-term financial plan. She referred to appendix 2 which set out the changes in the budget gap since December and noted that whilst the budget was based on a 5.95 council tax increase in accordance with the Administration's aims, it also detailed the various options for the council tax that had been identified by the 3 political Groups.
- 138.3 Councillor Sykes stated that he wished to place on record his apologies for an error that had resulted in a press release being issued on the 5th February which detailed budgetary information that had not been made available to Members of the Committee as was only due for release on the 6th February. He then stated that he believed it was an excellent report and thanked the officers involved in producing it. He hoped that the proposed increase of 5.9% which would require a referendum to be held would be supported as this provided a level of resources to maintain services and manage the effects of the cuts to local government funding. He also noted that the report detailed the fall-back option of a 2% council tax increase should the referendum result in a no vote. However, he believed the level of opposition to a 5.9% increase was falling and noted that 61% people who responded to the budget consultation indicated their support for a council tax rise if it meant services were maintained. He therefore recommended that the 5.9% increase should be supported.
- 138.4 Councillor G. Theobald accepted Councillor Sykes' apology and also asked that his thanks be conveyed to the officers involved in providing the budgetary information. He stated that he believed a council tax freeze could be achieved and noted that the

government's freeze grant had been built into the budget projections should a freeze be agreed. He then referred to page 14 of the report and questioned whether there had been any attempt to market test services, noting that the proposed establishment of a local authority trading company had not come to fruition. He asked for clarification in relation to the new homes bonus referred to in paragraph 3.19 and queried why the information in paragraph 7.6 relating to the Youth Service did not take account of the request made in the Notice of Motion that was approved at the last meeting.

- 138.5 The Chair noted the comments and stated that whilst the Notice of Motion had been approved, it was not binding on the committee although it had been taken into account when the proposed review had been put forward in the report.
- 138.6 The Interim Executive Director for Finance & Resources confirmed that £3.389m had been identified for 2015/16 as part of the New Homes bonus.
- 138.7 The Executive Director for Children's Services stated that in regard to the Youth Service, it had been agreed to meet with all providers to review the future level of provision. Once the review was completed there would be a need to consider what level of provision could be provided and to report those proposals to the Children & Young People Committee in the autumn.
- 138.8 Councillor Morgan thanked the officers for their hard work in producing the report and stated that the Labour & Co-operative Group could not support a 5.9% council tax increase. He believed that a 2% threshold increase was the right level and would ensure that services could be supported which a council tax freeze could put at risk. He also noted that a no vote in a referendum would cost the city £1.187m which could be used to support services. He stated that whilst the report detailed a 2% fall-back option, the Labour & Co-operative Group wished to retain its ability to amend that option at Budget Council.
- 138.9 Councillor G. Theobald asked for clarification in regard to the recommendations before the committee, namely that should they be agreed, there was no commitment in terms of the fees and charges referred from other committees or to the overall budget and council tax.
- 138.10 The Monitoring Officer stated that the Policy & Resources Committee was being asked to recommend the Budget and Council Tax to Full Council and the fees and charges referred from the Economic Development & Culture and Environment, Transport & Sustainability Committees were before the committee for information as part of the overall budget as they had been referred directly to the Full Council for consideration. In agreeing the recommendations before them today, Members were not committing the Council to any action other than to consider the budget proposals.
- 138.11 Councillor Morgan noted that should the Council agree to a referendum budget, recommendation 2.3 would also need to be included and asked for a separate vote on the recommendations.
- 138.12 The Chair noted the comments and put recommendations 2.1 to 2.3 to vote which had the following outcome:

Recommendation 2.1 - For 4 and 6 against, lost;

Recommendation 2.2 - For 3 and 7 against, lost;

Recommendation 2.3 - For 3 and 7 against, lost.

138.13 The Chair noted that all three options had been lost and sought clarification from the Monitoring Officer on the committee's responsibilities.

138.14 The Monitoring Officer stated that the committee had a responsibility to put forward recommendations to the Full Council in regard to the General Fund Revenue Budget and Council Tax for 2015/16. He stated that should the committee fail to do so, it would leave officers having to make recommendations to the Council.

138.15 The Chair noted that an agreed option to recommend to the Council could be achieved and therefore proposed that the committee agree to putting all three options relating to the level of council tax to the Council for consideration; along with the remaining recommendations listed in the report.

138.16 **RESOLVED TO RECOMMEND:**

That the following be referred to the Council for consideration:

- (1) The Administration's proposed 5.9% Council Tax increase in the Brighton & Hove element of the council tax, including:
 - (i) The 2015/16 budget allocations to services as set out in Appendix 1.
 - (ii) The council's net General Fund budget requirement for 2015/16 of £220.2m.
 - (iii) The referendum budget savings package as set out in Appendix 7.
 - (iv) The additional budget proposals for a substitute budget of £4.293m as set out in Appendix 8.
 - (v) The funding of the costs associated with holding a referendum on the 7 May 2015 in accordance with Chapter IVZA of the Local Government Finance Act 1992 and associated regulations as set out in table 2.
 - (vi) The reserves allocations as set out in paragraph 3.24 and table 2.
 - (vii) The Prudential Indicators as set out in Appendix 12 to this report.
- (2) If recommendation 2.1 is not agreed, further savings as set out in Appendix 9 be agreed (these being sufficient to enable a Council Tax freeze in the Brighton & Hove element of the council tax after taking account of the Freeze Grant available from Government) including consequential adjustments to the reserves allocations and prudential borrowing limits as set in paragraph 3.24 and Appendix 12, and subject to modifications as necessary to be undertaken by officers following consultation with relevant members and that Council agrees a revised council tax resolution to reflect that;

- (3) If neither recommendation 2.1 nor 2.2 are agreed, that Council adopts a Threshold Budget of 2%, which represents the threshold above which a referendum would be triggered, including the consequential adjustments to the reserves allocations and prudential borrowing limits.

[Note: This option uses the Substitute budget savings package and would therefore be the same as the substitute budget proposals with the exception of the difference in one-off costs between these two budget options. The one-off costs comprise the cost of holding the referendum and timing differences for implementation, as set out in Appendix 10.].

- (4) That Council agree the fees and charges referred to Council as outlined in paragraphs 3.21 and 4.5;
- (5) That Council note the Equalities Impact Assessments to cover all budget options and their cumulative effect are set out in Appendices 13 and 14;
- (6) That Council approves the borrowing limit for the year commencing 1 April 2015 of £379m;
- (7) That Council approves the annual Minimum Revenue Provision statement as set out in Appendix 11;
- (8) The proposed responses to the scrutiny recommendations as set out in Appendix 17;
- (9) That Council note the revised Medium Term Financial Strategy and resource projections for 2015/16 to 2019/20 as set out in Appendix 5;
- (10) That Council note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.4;
- (11) That, for the purposes of enacting an extended business rates transitional relief scheme announced in the Autumn Statement 2014, Council grant delegated authority to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.8; and
- (12) That if recommendation (1) above, is agreed, the referendum be held on 7th May 2015.

138.17 **RESOLVED:** That officers be authorised to make any necessary technical, presentational or consequential amendments to the report before its submission to full Council.