

30 January 2013		ITEM: 5
Housing Overview & Scrutiny Committee		
BUDGET 2013/14 – 2014/15 SAVINGS AND CAPITAL PROPOSALS		
Report of: Martin Hone, Director of Finance & Corporate Governance		
Wards and communities affected: All	Key Decision: No	
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Martin Hone, Director of Finance & Corporate Governance		
This report is public		
Purpose of Report: To invite the Committee to note and review proposals for General Fund budget savings that will support the aim of balancing the budget for the 2013/14 and 2014/15 financial years. The report also sets out the General Fund capital bids that have been put forward that are relevant to this committee.		

EXECUTIVE SUMMARY

Members of this committee have already scrutinised a number of General Fund savings proposals that are being considered as part of the budget setting process for 2013/14 – 2014/15. This report brings forward further proposals to achieve this aim.

The report also informs the committee of the General Fund capital bids that have been submitted by officers that fall within the remit of this committee.

Overview and Scrutiny are asked to review and comment on the savings proposals that are set out in Appendices 1 and 3 and the capital bids that are set out in Appendix 2.

1. RECOMMENDATIONS:

1.1 That the Committee notes and reviews the additional proposals for budget savings set out in Appendices 1 and 3 to this report; and

1.2 Notes and reviews the capital bids set out in Appendix 2 to this report.

2. INTRODUCTION AND BACKGROUND:

- 2.1 The Council's MTFs has been reported throughout the year and was recently considered by Cabinet on 12 December 2012 where Cabinet acknowledged that there was still a budget deficit despite the savings that had already been proposed.
- 2.2 The report also informed Members that officers were working on additional proposals to close this budget deficit with the aim of delivering a balanced budget for the financial years 2013/14 and 2014/15.
- 2.3 Further proposals were submitted to Cabinet on 16 January 2013 and those proposals relevant to this committee are included at Appendix 1 to this report for the Committee's consideration.
- 2.4 The Committee should be aware that government announced the level of central government support that the Council can expect for the financial years 2013/14 and 2014/15 – the total reduction is just short of £12m against a budgeted reduction of £6m over the two years.
- 2.5 As such, even if all proposals submitted to Cabinet on 16 January are accepted, the 2013/14 financial year will be balanced but there remains a budget deficit of £1.476m for the financial year 2014/15. Officers are currently working on additional proposals to close this budget deficit.
- 2.6 The Committee should also be aware that the Director of Finance and Corporate Governance has received savings proposals from other Members of the Council and through the Lets Talk campaign. These proposals are currently being worked up by officers. Should any be relevant to this committee, an Appendix 3 will be issued to Members in advance of the committee meeting for consideration alongside the officer proposals.
- 2.7 Officers have also submitted capital scheme bids to be included in the capital programme. There are only limited resources available and all bids are competing for these resources.
- 2.8 Appendix 2 sets out the bids that are relevant to this committee with the current financial recommendation as to whether the project can be resourced or not. The Committee is asked to challenge the need and level of the bids to inform the compilation of the draft capital programme for consideration by Cabinet and Council in February 2013.

2.9 HRA Rent Setting.

The HRA rent and base budget setting process for 2013/14 is currently well under way. A presentation was made to tenants on 10 January 2013 to explain the rent setting process, and the options available to the Council.

The Table below is a summary of the options presented to the Tenants Panel. The tables shows the impact, on the average weekly rent (52 weeks) of each of the options, and the additional funding generated above that accounted for in the HRA 30-year business plan (this is option 1 - Base Model).

Option	Rent 2012/13 £	Rent 2013/14 £	Increase %	Impact £000
1. Base Model	77.72	80.88	4.07	-
2. Limit max RPI + 0.5% + £2 increase	77.72	81.57	4.95	+361
3. Limit max RPI + 0.5% + £3 increase	77.72	81.65	5.06	+403
4. Limit max RPI + 0.5% + £4 increase	77.72	81.67	5.08	+414

The outcome of the tenant's consultation resulted in a vote on the night of 6:4 in favour of option 1 over 2.

Officers have taken this consultation process into consideration as part of the rent setting strategy which will be submitted to Cabinet in February 2013.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 The officer proposals are set out in Appendix 1 and any other proposals in Appendix 3. There is obviously choice as to whether these or other proposals should form part of the budget or not although, if not accepted, alternatives will have to be identified.
- 3.2 Members should note that officers continue to work with their Portfolio Holders and Cabinet to balance the budget for 2014/15.

4. REASONS FOR RECOMMENDATION:

- 4.1 The scrutiny of proposals for savings and capital bids ahead of the formal budget setting next February is an integral part of the Council's overall approach to financial planning.

5. CONSULTATION (including Overview and Scrutiny, if applicable)

- 5.1 Regular meetings of Directors' Board, the Leadership Group and the wider Council management group have been held since the budget exercise commenced in July.
- 5.2 Public consultation has been taking place since November as part of the Lets Talk campaign.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 The savings options and capital bids set out in the appendices will impact on a wide variety of policies, priorities, performance and sections of the community.

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Sean Clark**
Telephone and email: **01375 652010**
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The financial implications have been clearly set out throughout the body of the report and the implications of savings options set out in the appendices.

7.2 Legal

Implications verified by: **David Lawson**
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dlawson@thurrock.gov.uk

Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This budget report contributes to that requirement although specific legal advice may be required on the detailed implementation of any agreed savings options.

7.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**

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This is a set of wide ranging and far reaching proposals, a significant number of which may have an impact on staff and residents. Each of these savings proposals will need to undergo an Equality Impact Assessment to identify potential adverse impacts on any groups.

As these proposals are going through the formal approval and scrutiny process, they will need the Equality Impact Assessment evidence to be presented for each item.

The Equality Act has raised the bar in terms of public sector equality duties for example a proposed requirement to consider socio-economic impact before implementing any policy. Whilst this requirement is subject to implementation at a later stage the Council needs to ensure that appropriate consideration is given to all new equality requirements in the policy and decision making process.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- Various budget working papers held in Finance & Corporate Governance Directorate

APPENDICES TO THIS REPORT:

Appendix 1 – Officer Savings Proposals.

Appendix 2 – Capital Bids

Appendix 3 – Further Proposals Submitted From Other Members of the Council and the Public

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