

ROBUSTNESS OF THE ALTERNATIVE BUDGET STRATEGY PROPOSED BY THE MAIN OPPOSITION GROUP.

The Council is required to set a balanced budget and under section 25 of the Local Government Act 2003, the Council's Chief Financial Officer is required to give a view on the robustness of the Council's financial strategy including the use of balances and of the financial planning process.

The alternative budget put forward by the main Opposition group will be considered by full Council on 27th February 2014 and it is therefore appropriate that a view on the robustness of the alternative budget proposals is provided as well as the view expressed on the Administration's budget proposals.

The proposals put forward by the main Opposition Group are substantially the same as those put forward by the Administration including:-

- Acceptance of the Council Tax Freeze Grant,
- No planned use of the Council's limited available balances, (although reference is made to charging one off implementation costs relating to implementation of shared services and of changing terms and conditions to reserves.)
- The same assumptions on the generation of capital receipts and growth in income from business rates, new homes bonus and additional council tax from new developments across the borough,
- Substantially, the same savings package – except for a reduction in the savings target for Adult Services and the deletion of 3 other savings proposals but with the addition of further savings – principally from amending employee terms and conditions and cancelling the revenue as well as capital elements of the “Pride in Your Community” Programme,
- The same capital investment proposals except that the “Pride in Your Community Programme” would be deleted and replaced with additional investment in maintenance of roads committing a further £21.5m of capital spending (and therefore debt to be repaid).

Appendix 11 to the main Service & Financial Planning report is therefore substantially still relevant but I wish to make the following additional comments:-

- The additional commitment to capital spending in the Alternative budget proposal totals £21.5m more than in the Administration's proposals (i.e. £29.5m rather than £8m). Therefore the amount of debt outstanding would be £21.5m higher and the eventual strain on the revenue budget to fund the debt charges would therefore be greater. The debt charges would still be met from the reserve created by the change in approach to the calculation of MRP but, due to the higher amount of debt this would only fund the debt charges for 5 rather than for 12½ years. After this 5 year period the cost of funding the £29.5m would fall on the revenue budget. The additional cost of this would be £1.603m pa. and would necessitate further cuts to be made to the revenue budget. From the end of 2026/27 the additional annual cost compared to the Administration's proposals would reduce to £1.168m because from that year

the provision proposed to fund the debt charges associated with the Pride in Your Community Programme would have been fully drawn down.

- The additional savings proposals were put forward relatively late in the budget process but have been subject to some review by service area officers. Comments on the deliverability and impact of these additional savings proposals are included in the appendix to the Main Opposition Groups budget report which highlights some significant potential impacts.

However, whilst concerns are raised relating to some of the savings proposals, the overall target for savings to be generated in 2014/15 put forward by the Opposition would enable the creation of an additional revenue budget contingency of £0.483m which gives comfort that overall, despite challenges in some of the areas put forward, the overall budget for 2014/15 would be likely to balance and can therefore be considered as robust.

Ken Clarke,
Chief Financial Officer.