

OFFICERS' COMMENTS ON ALTERNATIVE BUDGET PROPOSAL BY THE INDEPENDENT PARTY

The following sets out comments by the Section 151 Officer and the Monitoring Officer on a proposal offered up in the budget amendment. Members of the Council should take this advice into consideration when considering and debating the amendment in question.

Comments of the Chief Financial Officer

The proposals are considered to be cost neutral in 2016/17, although there are likely to be some additional one-off costs associated with potential redundancies or the termination of contracts. These costs could be met from reserves.

Where savings involve redundancies staffing changes, or service decommissioning, they will be subject to the council's organisational change procedures and are unlikely to be implemented by 1 April 2016. As a result, full year savings will not be realised in 2016/17. In order to mitigate this, additional spending proposals could be delayed, or general reserves used to deal with the financial impact.

The proposals also include a significant (£3.8m) one-off use of reserves to balance the budget in 2016/7. In addition the £2m adjustment based on available 2015/16 out-turn figures is not expected to be an ongoing saving as the budgets have been adjusted in 2016/17, and will therefore have to be met from reserves. The current forecast of £59m savings required by 2020 is predicated on £5.8m of annual savings being delivered in 2016/17 rather than one-off adjustments. It should therefore be noted that this proposal will increase the medium term savings' target by between £5.8m and £23.2m, increasing the need for savings in future years. Additionally, it may limit the scope for using reserves to cover redundancy and slippage costs referred to in the paragraphs above.

Comments of the Monitoring Officer

In coming to decisions in relation to the revenue budget and Council Tax, the Council must act in accordance with its statutory duties and responsibilities; must act reasonably; and must not act in breach of its fiduciary duty to its ratepayers and Council Tax payers. Pursuant to Section 32 of the Local Government Finance Act 1992 a series of calculations are required to work out the Council's budget requirement. The level of these calculations, and in particular the calculation of the budget requirement is of crucial importance both legally and financially as the amount of the budget requirement must be sufficient to meet the Council's budget commitments and thereby ensure a balanced budget (i.e. the Council needs to set its operating revenue at a level to meet operating expenses). This requirement is reinforced by Section 114 of the Local Government Finance Act 1988 which requires the chief finance officer to report in a financial year if the Council is likely to exceed the

resources (including sums borrowed) available to it to meet its expenditure.

This proposed amendment contains savings and spending proposals which balance each other out and consequently achieves the requirement for a balanced budget.

The Council is required when exercising its functions to comply with the duty set out in Section 149 of the Equality Act 2010, namely to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity between those who share a protected characteristic and those who do not, and foster good relations between those who share a protected characteristic and those who do not. Any proposed changes that may have an equality impact will require some form of equality analysis before they could be implemented.