

Meeting of the Council – 26th November 2012

Joint Report of the Chief Executive and Treasurer

Revenue Budget Strategy 2013/14

Purpose of Report

1. To consider a number of decisions required in connection with the Revenue Budget Strategy for 2013/14 and Medium Term Financial Strategy (MTFS) 2014/15 – 2015/16.

Background

2. Reports were submitted to Cabinet on 31st October 2012 concerning the Revenue Budget Strategy for 2013/14, and Staffing Issues relating to budget savings. A number of issues arising from these reports now need to be considered by Council. All reports referred to are available from Democratic Services (telephone 01384 815243) or by e-mail to Josef.jablonski@dudley.gov.uk or on the Council's website (follow the links to Meetings and Decisions).

Forecast 2012/13 Position

3. When the proposed Revenue Budget Strategy for 2013/14 was considered by Cabinet on 31st October 2012, the following issues relating to the 2012/13 budget were noted.
4. Latest monitoring indicates favourable Treasury variances amounting to £1.8m resulting from better than expected cashflows.
5. Councils provide a number of support services to maintained schools funded through the Formula Grant mechanism rather than Dedicated Schools Grant. If a school converts to an academy, these services are no longer provided by the Council as they become the academy's responsibility. The Government top-sliced Formula Grant nationally in 2011/12 and 2012/13 in an attempt to reflect this transfer of function using a formula that did not reflect the actual number of academy transfers in each area. Potential legal challenge has resulted in Councils who were subject to a disproportionate top slice receiving a refund; while figures have not yet been finalised we are expecting a total refund for Dudley of around £1.1m this year.
6. It was proposed that Council be recommended to amend budgets to reflect these variances.

Council Tax Discounts and Exemptions

7. The Local Government Finance Act 2012 gives Councils the power to reduce council tax discounts and exemptions given in respect of unoccupied properties, and the power, in the form of the Empty Homes Premium, to increase the council tax payable on properties that have been empty for more than two years. It was proposed to Cabinet that these flexibilities be used with effect from 1st April 2013 as follows:
- For furnished but unoccupied properties (except where the liable person resides at another property which is job related), e.g. second homes, the current council tax discount of 10% of the applicable charge is removed, resulting in full council tax being payable in these circumstances.
 - For properties which have been empty (i.e. unoccupied and unfurnished) for less than six months, the current exemption from council tax is removed completely, resulting in full council tax being payable in these circumstances, as is currently the case with most properties that have been empty for more than six months.
 - For properties which have been empty and require or are undergoing major repair work to make them habitable, the current exemption from council tax (up to a maximum of 12 months) is removed completely, resulting in full council tax being payable in these circumstances.
 - For properties which have been empty for more than two years, an Empty Homes Premium of 50% is applied, resulting in a 150% council tax charge being payable in these circumstances.
8. These proposals assume that the relevant secondary legislation will be enacted as the Government originally intended. They will all help to incentivise the bringing back into use of some of the Borough's housing stock in line with the Council's Empty Homes Strategy, which should in turn help the local economy. It is anticipated that around £1.5m per annum of extra income will be generated.
9. The decision to make these changes requires Full Council approval, and in order to meet the necessary timescales related to setting the Budget for 2013/14 and so that notice can be given to those likely to be affected, it is now proposed that they be agreed as set out above.

Staffing Issues

10. Cabinet at its meeting on 31st October, also considered a report on Staffing Issues relating to budget savings, and agreed:
- The outline timetable for the next round of employee related budget savings.
 - That the Council seeks expressions of interest in a voluntary redundancy process for 2013/14 savings to further support a reduction in compulsory redundancies and notes the category of posts excluded at this stage.
 - That the Director of Corporate Resources, in consultation with the Cabinet Member for HR, Law and Governance, be authorised to determine all applications for voluntary redundancy including those where there are pension implications, up to a maximum of £3m for direct redundancy costs and £1.5m for the capitalised cost of pension strain.

11. It is proposed that Council endorses this strategy.

Finance

12. This report is financial in nature and relevant information is contained within the body of the report.

Law

13. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992 and the Local Government Act 2003.
14. The Local Government Finance Act 2012 gives Councils the power to reduce council tax discounts and exemptions given in respect of unoccupied properties, and the power, in the form of the Empty Homes Premium, to increase the council tax payable on properties that have been empty for more than two years.
15. The main provisions relating to the redundancy rights and payments for Local Authority employees are contained in The Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 as amended.
16. The Collective Redundancies (Amendment) Regulations 2006 concerns the duty to notify the Secretary of State of the proposal of collective redundancies. This duty has been met with the submission of the required HR1 Form.
17. Relevant employer responsibilities are contained in The Employments Rights Act 1996 and The Equality Act 2010.
18. Section 111 of the Local Government Act 1972 empowers the Council to do anything which is calculate to facilitate, or is conducive or incidental to the discharge of its functions.
19. Pension arrangements for Local Government employees are contained in the Local Government Pension Scheme regulations 1997

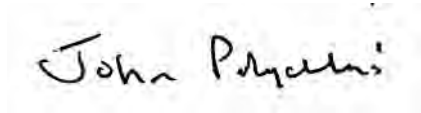
Equality Impact

20. The proposals are consistent with the Council's Equality Policy.
21. With regard to Children and Young People, there is no direct impact on this group.

Recommendations

22. That Council:

- (a) Agrees that 2012/13 budgets be amended as set out in paragraphs 4 and 5.
- (b) Agrees that Council Tax discounts and exemptions be amended, and the Empty Property Premium applied, from 1st April 2013, as set out in paragraph 7 above.
- (c) Endorses the strategy for employee related budget savings as set out in paragraph 10.



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Chief Executive

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List of Background Papers

Reports to Cabinet 31st October 2012