

EAST RENFREWSHIRE COUNCIL11 FEBRUARY 2016Report by Chief ExecutiveSPECIAL MEETING OF THE COUNCIL**PURPOSE OF REPORT**

1. To inform Council members of the financial deal on offer from the Scottish Government and seek homologation of the Leader's decision to respond to the deal. Also to seek approval for a special meeting of the Council to be convened to consider the revenue estimates of income and expenditure as the basis for the Council Tax declaration for 2016/17 and indicative estimates of income and expenditure for the financial year 2017/18; the 8-year General Fund Capital Plan; HRA Estimates and 5-year Housing Capital Plan; and the 2016/17 Treasury Management Strategy/Prudential Indicators.

RECOMMENDATION

2. It is recommended that the Council:-
- (a) agree that a special meeting of the Council be held on Wednesday 9 March at 10am in the Council Chamber to consider those matters referred to in Paragraph 1 of the report; and
 - (b) homologates the decision by the Leader of the Council to write to the Deputy First Minister by the deadline, accepting the deal on offer in principle.

BACKGROUND

4. Members will be aware that traditionally the Council meets in February each year to consider the revenue estimates/Council Tax and associated matters for the following financial year. The timing of this meeting has been based on historical custom and practice and was in the past influenced by COSLA which was keen to see Council Tax levels being declared on the same day across the country. However, since the introduction of the Council Tax freeze and with Council Tax levels already being known, there has been a drift away from the same declaration day across the country.

5. In East Renfrewshire, the "budget meeting" has become a regular meeting in the calendar of meetings and other routine items of business are dealt with at the meeting.

REPORT

6. Members will further be aware that the announcement regarding the financial settlement for local government was late this year. Furthermore, following the announcement, discussions between the Scottish Government and local government are still ongoing. On 27th February, John Swinney, Cabinet Minister, wrote to Council Leaders asking them to confirm acceptance of the conditions attached to the settlement offer by the 9th February 2016. If Leaders did not respond by that date, the deal was regarded as rejected.

7. In summary the deal for East Renfrewshire consisted of:
- a reduction in budget of £3.7m from £180.3m to £176.6m (on a like for like basis) on condition that:
 - a Council Tax freeze is in place;
 - teacher pupil ratios are protected;
 - the Council can reduce its contribution to the IJB with funding from the Government routed via the NHS available to supplement IJB funds. Work is ongoing to confirm the scale of the ability to reduce the planned contribution to the IJB. There are a number of conditions attached to the funding that also need clarified.
8. If the Council rejects the offer, the Head of Accountancy has estimated that the funding from the Government will be reduced from £176.6 to £173.2m. In addition, the Council may not be able to access the additional funds provided to the IJB although this is still unclear.
9. The Chief Executive and the Head of Accountancy, in their role as policy advisor to the Council and Section 95 Officer, have advised the Leader of the Council that despite the considerable uncertainty around the offer to Local Government, and the associated conditions, the deal on offer results in the least reduction to the Council's funds.
10. The Leader was advised to respond to the Deputy First Minister, accepting the deal in principle but stating clearly that only the Council could make a legal commitment to accepting the deal. He was also advised to seek homologation of this decision to respond to the Deputy First Minister.
11. In view of this, and to maximise the opportunity for further revisions to take place in the light of any further changes to the settlement, it is proposed that consideration of the revenue estimates be postponed to a special meeting of the Council. Furthermore, in view of the linkage between the Council's capital plan; HRA estimates and Housing capital plan, it is proposed that consideration of these items is also postponed to the special meeting.

Treasury Management/Prudential Indicators

12. Members will also recall that as part of the budgetary process at the budget meeting each year the Council has considered a Treasury Management Strategy report for the subsequent year. This report must be considered firstly by the Audit & Scrutiny Committee and remitted to the Council. As a separate matter, the Council has also considered a report on prudential indicators for the subsequent year.
13. Under new arrangements both these matters now form part of a single report. It was intended to convene a special meeting of the Audit & Scrutiny Committee to consider this report prior to its submission to the Council on 11 February. However, this report would now be considered by the regular meeting of the Audit & Scrutiny Committee on 3 March before being considered by the full Council at the special meeting.

RECOMMENDATION

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- (b) homologates the decision by the Leader of the Council to write to the Deputy First Minister by the deadline, accepting the deal on offer in principle.

Local Government (Access to Information) Act 1985

Background Papers - None

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