

6. CHANCELLOR'S EMERGENCY BUDGET STATEMENT - REPORT BY HEAD OF SERVICE

The Council Executive considered a report (copies of which had been circulated) by the Head of Finance and Estates to provide the members with an update on the Chancellor's announcement on 24<sup>th</sup> May 2010 and the emergency budget announced on 22<sup>nd</sup> June 2010. The report also outlined high-level implications for the council's Contingency Strategy.

The Head of Finance and Estates explained that the Chancellor of the Exchequer had delivered his emergency Budget 2010 to the House of the Commons on 22<sup>nd</sup> June 2010. The Budget had set out a five-year plan up to 2015/2016 to rebuild the British economy with an overall objective that the current deficit would be in balance in the final year for the five-year forecast period.

The report outlined the details of the Chancellors Emergency budget including details of the overall economic position, public expenditure, taxation, benefits and public sector pay and pensions.

The report also explained the implications of the budget for West Lothian Council and its Contingency Strategy.

The Head of Finance and Estates concluded that whilst there remained a great deal of uncertainty around departmental spending levels in the lead up to the spending review it would seem likely that an upward adjustment to the council's contingency strategy budget savings would be required and that it would be prudent that the council should progress on the basis of having to find savings at the very least of £19 million in 2011/2012.

It was recommended that the Council Executive: -

1. Notes the initial reductions included in both the Chancellor's announcement in May and the emergency budget; and
2. Agrees that a full report outlining the detailed implications of these announcements was presented to the Council Executive in August 2010.

Motion

"West Lothian Council Executive notes with extreme concern the revelation that the new UK Government has inherited from the previous Labour Government the largest budget deficit in Europe, with the single exception of Ireland, and that currently one pound in every four spent is having to be borrowed.

The Executive further notes that Labour planned when in government, to cut departmental spending by £44 billion a year by 2014-15.

The Executive further notes that in order to tackle the structural deficit

inherited from Labour the UK Chancellor is seeking additional reductions of £17 billion by 2014-15.

The Executive further notes that until the UK Government completes its Comprehensive Spending Review in October this year that the Scottish Government budget for 2011-2012 and subsequently the local government settlement and this council's resources for the coming financial year remain uncertain.

In light of all of the above the Executive agrees that a full report outlining the detailed implications of the UK's financial position and the impact of this upon this council's contingency planning be presented to the Council Executive in August this year”.

- Moved by the Chair and seconded by Councillor Day.

#### Amendment

“To approve the terms of the report and to include the following additional bullet point: -

Condemns the decisions of the Tory/Lib Dem Coalition Government to freeze the value of child benefit for three years from April 2011, to introduce a cap on housing benefit payments, to remove the link with RPI for future increases to benefits and tax credits, to limit the sure start maternity grant to the first child only, to abolish the Health in Pregnancy Grant, and to increase Vat to 20% with effect from 4 January 2011”.

- Moved by Councillor McGinty and seconded by Councillor Muldoon.

The Chair then proposed a revised motion that would incorporate the amendment.

#### Revised Motion

“West Lothian Council Executive notes with extreme concern the revelation that the new UK Government has inherited from the previous Labour Government the largest budget deficit in Europe, with the single exception of Ireland, and that currently one pound in every four spent is having to be borrowed.

The Executive further notes that Labour planned when in government, to cut departmental spending by £44 billion a year by 2014-15.

The Executive further notes that in order to tackle the structural deficit inherited from Labour the UK Chancellor is seeking additional reductions of £1 7 billion by 2014-15.

The Executive further notes that until the UK Government completes its Comprehensive Spending Review in October this year that the Scottish Government budget for 201 1 - 12 and subsequently the local government settlement and this council's resources for the coming financial year

remain uncertain.

Condemns the decisions of the Tory/Lib Dem Coalition Government to freeze the value of child benefit for three years from April 2011, to introduce a cap on housing benefit payments, to remove the link with RPI for future increases to benefits and tax credits, to limit the sure start maternity grant to the first child only, to abolish the Health in Pregnancy Grant, and to increase Vat to 20% with effect from 4 January 2011”

In light of all of the above the Executive agrees that a full report outlining the detailed implications of the UK's financial position and the impact of this upon this council's contingency planning be presented to the Council Executive in August this year”.

- Moved by the Chair and seconded Councillor Day

#### Amendment

“To approve the terms of the report and to include the following additional bullet point: -

Condemns the decisions of the Tory/Lib Dem Coalition Government to freeze the value of child benefit for three years from April 2011, to introduce a cap on housing benefit payments, to remove the link with RPI for future increases to benefits and tax credits, to limit the sure start maternity grant to the first child only, to abolish the Health in Pregnancy Grant, and to increase Vat to 20% with effect from 4 January 2011”.

- Moved by Councillor McGinty and seconded by Councillor Muldoon.

#### Decision

Following a vote the revised motion was successful by 8 votes to 3 and it was agreed accordingly.