

Open Report on behalf of Pete Moore, Executive Director of Resources and Community Safety

Report to:	County Council
Date:	17 September 2010
Subject:	Proposed Budget Changes 2010/11

Summary:

The report gives details of proposed budget changes that the Executive, at its meeting on 6 July, agreed to recommend to full Council for approval.

Recommendation:

That the Council approve the proposed budget changes as described in paragraphs 1.5 to 1.11.

1. Background

1.1. The government announced the details of reduced grants to local authorities on 10 June. The announcement relates only to the current year. The reductions for the Council total £11m, comprising £8.2m revenue grants and £2.8m in capital grants.

1.2. The reductions announced for revenue grants are shown below.

REVENUE GRANT REDUCTIONS 2010/11	£M
Education	3.378
Road safety	0.412
Supporting People administration	0.348
Home Office – safer communities	0.065
Total Area Based Grant	4.203
Public Service Agreement Reward Grant	3.952
Total revenue grants	8.155

1.3. The reductions announced for capital grants are shown below.

CAPITAL GRANT REDUCTIONS	£M
Integrated transport block	1.840
Detrunked roads	0.630
Road safety	0.340
Total capital	2.810

- 1.4. The reductions in grant income to the Council make it necessary to reduce the Council's spending. The proposed reductions are shown below.

PROPOSED BUDGET REDUCTIONS	£M
Education	2.276
Road safety	0.391
Supporting People	0.331
Safer communities	0.062
Sustainable Communities Strategy	0.210
Other Services	0.433
PSA reserves – planned spending :	
Safer communities	0.387
Transport	0.032
Culture and adult education	0.387
Carbon management	0.626
Public footpaths	0.136
Economic regeneration	0.126
Children's services	0.716
Road safety	0.325
Healthier communities	0.256
Total revenue	6.694
Highways capital	2.810
Total	9.504

- 1.5. The proposed reductions total some £9.5m. This is £1.5m less than the total of the grant reductions largely because :
- The Council had already qualified for PSA Reward Grants because it had met demanding performance targets. Some of this grant has been spent or committed ;
 - In some cases there are operational difficulties in meeting in full reductions announced after the start of the financial year.
- 1.6. It is proposed that the balance of the of the grant reductions (£1.461m) is met from the Emerging Pressures Contingency of £8m.
- 1.7. The reductions are relatively modest in terms of the reductions in total public spending for future years announced by the Chancellor of the Exchequer. The reductions in revenue spending, for example, are equivalent to around 1.5% of the Council's budget excluding schools. There will be some implications for staffing levels which will need to be managed in accordance with the Council's policies including through redeployment within the Council. The reductions will also impact on some of the Council's partners and contractors.
- 1.8. There are two other proposed budget changes requiring approval by full Council.

- 1.9. The first of these is an allocation of £0.882m for the Transformation Programme from the Emerging Pressures Contingency. There was an underspending of £495k on the New Ways of Working Project and an underspending of £387k within the Programme Centre budget for supporting the VFM programme etc. Under the County Council's policy these underspendings were not carried forward. However these amounts are needed
- to enable the NWoW essential business process work to continue and to accelerate the realisation of benefits.
 - to support the continuing change programmes that will need to be undertaken across the Council as part of the Transformation Programme

1.10. The Emerging Pressures Contingency would be left with a balance of £5.657m if both the proposed allocation for the Transformation Programme (£882k) and the use of the contingency to balance the reduction in government grants were approved.

1.11. The second proposed change is to increase the budget by £514k within Children's Services to cover the expenditure that will be incurred as a result of the Learning and Skills Council function transferring to the County Council. This is funded by a matching increase in the Area Based Grant of £514k. It is proposed that the full amount should be added to the Children's Services budget as the grant provides for the full cost of the staff being transferred.

2. Conclusion

2.1. The proposal to reduce the budgets will allow the Council's budget to be balanced following the reductions in government grants. The use of the Emerging Pressures Contingency to fund the shortfall as a result of the full level of underspendings not being carried forward for both the NWoW and Transformation Programmes will enable the essential work to be continued that will result in savings and benefits to the council. The proposal to increase the Children's Services budget is being fully met by an increase in ABG as it is to fund the transfer of the Learning and Skills Council function. Therefore there is a neutral on the council's budget.

3. Legal Comments:

The recommendations call for changes in the Budget. The Constitution provides that it is for the Executive to propose changes to the Budget and it is for the County Council to approve those changes. The recommendations are lawful and within the remit of the Executive.

4. Resource Comments:

The proposals will allow budgets to be realigned so that they continue to be realistic and promote effective budget management.

5. Consultation**a) Has Local Member Been Consulted?**

No

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

The proposals were considered by the Value for Money Scrutiny Committee at its meeting on 29 June 2010.

d) Policy Proofing Actions Required

n/a

6. Background Papers

The following background papers as defined in Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Executive Report 6 July 'Revenue and Capital Budget Monitoring 2010/11'	Executive Director of Resources and Community Safety
Executive Report 1 June 'Review of Financial Performance 2009/10	Executive Director of Resources and Community Safety

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