

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

Report to:	County Council
Date:	11 February 2011
Subject:	Proposed Budget Changes 2010/11

Summary:

The report gives details of proposed budget changes for the current financial year 2010/11, which the Executive, at its meeting on 7 December 2010, agreed to recommend to full Council for approval.

Recommendation :

That the Council approve the proposed budget changes as described in paragraph 1.6.

1. Background

- 1.1. The Executive considered a budget monitoring report at its meeting on 7 December 2010. Within Appendix F of that report there were proposals for budget changes to the current year's budget (2010/11). The reasons for these proposals are presented below in paragraphs 1.2 to 1.5 and then the proposed changes to be approved by full council are detailed in paragraph 1.6 below.
- 1.2. Some staff and other costs are charges to the capital programme because the work which they do contributes to the creation of assets.
- 1.3. It has been necessary to review the current practice because the International Financial Reporting Standards introduced this year change the accounting requirements.
- 1.4. The review has concluded that existing practice is appropriate in many cases. However some existing practice does not comply with the current accounting requirements.
- 1.5. For example, highways advance design fees can only be capitalised where they relate to a specific project which is likely to be completed. Feasibility work, e.g. on a number of options for a project, cannot be capitalised. Neither can work on projects when it is not known whether or not they will proceed.

1.6. The provision within the capital programme of £0.984m for highways advance design fees and £1.111m for ICT costs should not now be capitalised. It is proposed to transfer provision from the capital programme to the revenue budget. In order to accommodate the additional costs within revenue budgets it is proposed to reduce the capital financing charges budget by £2.095m, reflecting the projected underspending in this budget and to increase the revenue budgets for Highways and Traffic (design fees) and Chief Executive's (ICT costs).

2. Conclusion

2.1. The proposal will enable the budget provision for the expenditure to correctly sit within the revenue budget. This will ensure compliance with newly introduced International Financial Reporting Standards. The Executive, at its meeting on 7 December, agreed to recommend this proposed budget change to full Council for approval.

3. Legal Comments:

The recommendation calls 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 recommendation is lawful and within the remit of the County Council.

4. Resource Comments:

The proposal will allow budgets to be realigned so that they continue to be realistic and promote effective budget management and comply with revised accounting standards.

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 23 November 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 7 December '2010/11 Performance against the Council Business Plan, Revenue and Capital Budget and Customer Satisfaction'	Assistant Chief Executive
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