

Meeting: Council
Portfolio Area: Resources
Date: 4th April 2007

RE-ESTABLISHMENT OF THE CONTINGENCY SUMS IN THE BUDGET AND POLICY FRAMEWORK FOR 2007/08.

(Corporate)

KEY DECISION

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1 PURPOSE

- 1.1 To propose the re-establishment of the Revenue and Capital Contingency Sums in the Budget and Policy Framework for 2007/08, following the proposed Leader's Initiative items to be incorporated into the 2007/08 Budget, as supplementary estimates.

2 RECOMMENDATIONS

- 2.1 That the General Fund Revenue Contingency in the Budget and Policy Framework for 2007/08 be re-established at £500,000.
- 2.2 That the Capital Contingency in the Budget and Policy Framework for 2007/08 be re-established at £2,000,000.

3 BACKGROUND

- 3.1 Each year the Council sets Contingency Sums in the Budget and Policy Framework within the Council's Constitution. The Contingency Sums allow the Executive to approve supplementary estimates, cumulatively up to the pre-determined limits, without requiring reference back to Council. Given the initial use made of the 2007/08 Contingency Sums by the proposed Leader's Initiatives this report recommends that the Contingencies should be re-established for use throughout the remainder of the 2007/08 Financial Year, as necessary.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Revenue and Capital Initiatives General as Reported to the March Executive

4.1.1 It was reported in the Supplementary Estimate Report to Executive in March 2007 that against a background of continuing financial pressures only a limited range of growth items had been included in the Council's Budget for 2007/08. Officers had reviewed a prioritised list of Revenue & Capital bids submitted by the Council's Service Delivery Units against the Council's current ambitions and priorities and proposed a limited range of growth from the very highest priority items, to form the Revenue and Capital Forward Plan proposals that were incorporated into the approved Budgets.

4.1.2 The Leader's Initiatives detailed in the Report to the March Executive largely represented the bringing forward of projects and schemes that, although of high priority to the Council, fell just outside of the Forward Plan control totals originally proposed for 2007/08. The Revenue Initiative proposals were largely for one-off expenditure in 2007/08 or limited term projects. The ongoing Revenue proposals only amounted to £16,000 per annum. A major part of the Capital proposals, the Golf Clubhouse Extension, is intended to be a self-financing scheme.

4.2 General Fund Revenue Initiatives Supplementary Estimate Proposals as Reported to March 2007 Executive

4.2.1 The March 2007 Executive Report detailed the proposed General Fund Revenue Initiatives as summarised in the table below:

	2007/08	2008/09	2009/10	2010/11	2011/12
Total General Fund Revenue Initiatives Proposals	£415,850	£134,500	£70,625	£16,000	£16,000

4.2.2 The Budget report to Council on 28th February 2007 advised members that the Council was estimated to have available revenue balances of £6.288 million at 1st April 2007. The 2007/08 General Fund Net Revenue Budget, as approved by Council, totalled £14,468,260, and made use of revenue balances of £1,978,669. Approval of the General Fund Revenue Initiatives as proposed would be funded initially from Revenue Balances, where it is clear that they are affordable in the short term.

4.2.3 However, against the background of financial pressures referred to above Members are reminded of the need to bring annual expenditure into line with annual resources over the life of the Medium Term Financial Strategy (MTFS). The General Fund Revenue Initiatives will be fed into the MTFS and whilst, as stated above, they would initially be funded from Revenue Balances, additional savings could be sought to support the Revenue Initiatives as part of the 2007/08 update of the Strategy and to avoid increasing the cumulative use of balances.

4.2.4 Following approval of the 2007/08 Budget, Officers have commenced a refresh of the General Fund MTFS. Strategic Management Board are reviewing the Strategy and will be giving detailed consideration to proposals to achieve the ongoing savings

required to balance the Strategy. A report will be brought to Members in July 2007 setting out proposals to achieve these savings as part of the 2008/09 Budget Setting Process.

4.3 Capital Initiative Supplementary Estimate Proposals as reported to March 2007 Executive

4.3.1 The March 2007 Executive Report detailed the proposed Capital Initiatives as summarised in the table below:

	2007/08	2008/09	2009/10	2010/11	2011/12
Total Capital Initiatives Proposals	£1,275,000	£60,000	£10,000	£10,000	£10,000

4.3.2 In November 2006 an updated Capital Strategy position was reported to Executive. It pointed out that over the life of the current Capital Strategy to 2010/11 forecast expenditure requirements were estimated to exceed anticipated resources. The Budget report to Council on 28th February 2007 approved the 2007/08 Capital Forward Plan totalling £5,224,000 and noted the work required to bring the Capital Programme into balance. The Capital Initiatives proposed in the March 2007 Executive report were incorporated in the overall Capital Programme in an updated Capital Strategy report also taken to the March Executive. That Capital Strategy report indicated that given likely slippage the current Capital Programme, including the proposed Initiatives, is fundable in the early years, but actions must now be taken to bring the overall Programme into balance over the medium term.

4.4 The Contingency Sums in the 2007/08 Budget and Policy Framework.

4.4.1 Contingencies, in the Budget and Policy Framework for 2007/08, were approved in the sums of £500,000 for General Fund Revenue and £2,000,000 for Capital. The contingencies provide limits up to which the Executive may supplement the respective 2007/08 General Fund Revenue and the Capital Budgets without the requirement to seek Council approval for each item.

4.4.2 The 2007/08 General Fund Revenue Budget and the 2007/08 Capital Forward Plan were approved at Council on 28th February 2007. At that meeting the Leader of the Council also highlighted a number of additional Initiatives that she proposed should be taken forward in 2007/08. The report to the March Executive presented these Initiatives in detail for consideration for addition to the approved 2007/08 Budget, as supplementary estimates. The March Executive Report is largely summarised in paragraphs 4.1 to 4.3 above. The Leader proposed that the 2007/08 General Fund Revenue Budget should be supplemented by a number of Initiatives totalling £415,850 and that the 2007/08 Capital Budget should be supplemented by a number of Initiatives totalling £1,275,000.

4.4.3 Given the use that will be made of the initial 2007/08 Contingency Sums by the Leader's Initiatives, it is recommended, in this report, that the General Fund Revenue Contingency and the Capital Contingency should be re-established for 2007/08 at £500,000 and £2,000,000, respectively.

5 IMPLICATIONS

5.1 Financial Implications

This report is financial in nature and consequently financial implications are included in the above. Given the financial pressures on both the General Fund Medium Term Revenue Strategy and the Medium Term Capital Strategy, as referred to in this and previous reports, Executive should continue to exercise due consideration in utilising the re-established Contingencies during the 2007/08 Financial Year.

5.2 Legal Implications

None identified at this time.

5.3 Policy Implications

The approval of the revised budget framework includes a link for the Councils service planning requirements to ensure service priorities are identified. In addition the budget framework represents a development of a policy led budgeting approach across Council services and the overall Financial Strategy.

BACKGROUND DOCUMENTS

- **2007/08 General Fund Revenue Budget & Capital Forward Plan (Council Report – February 2007)**
- **Revenue & Capital Initiatives – Supplementary Estimates 2007/08 (Executive Report – March 2007)**

APPENDICES

- **None**