

Meeting: EXTRAORDINARY COUNCIL

Portfolio Area: Corporate

Agenda Item:

4

Date: 8 DECEMBER 2010

GENERAL FUND BUDGET PROPOSALS 2010-2011

KEY DECISION

Author –	Clare Fletcher	Ext. No. 2933
Lead Officer –	Scott Crudgington	Ext. No. 2185
Contributors -	Jackie Cansick	Ext. No. 2216
Contact Officer –	Clare Fletcher	Ext. No. 2933

1. PURPOSE

To seek Members approval for an increase in the 2010/11 General Fund budget to fund the one off costs associated with the savings package approved by Members at the November Executive.

2. RECOMMENDATION

That as a result of the 2011/12 savings package approved at the November Executive, the 2010/2011 General Fund Revenue Budget be increased by £602,000, to fund redundancy costs associated with the savings, which are currently unfunded. This increase in expenditure will be met from General Fund reserve balances.

3. BACKGROUND

- 3.1 At the November Executive Members approved a 2011/12 General Fund savings package of £1,671,270, which was required to meet the financial pressures identified in the Council's Medium Term Financial Strategy (MTFS). These savings needed to be made to meet the anticipated reduction in government grant of 28% over the next four years.
- 3.2 The savings package included a number of staff reductions which when implemented give rise to redundancy costs of up to £651,000 of which £602,000 is a 2010/11 General Fund cost. This one off cost, while a considerable sum, releases savings of £1,042,630 in 2011/12 and £1,352,330 by 2012/13.

4. REASON FOR RECOMMENDATION

- 4.1 The Executive has discretion through a contingency limit to vary expenditure up to £400,000 over and above the General Fund budget agreed by Council in February 2010. The overall cost of the redundancies exceeds the

contingency level and therefore requires Council approval for this additional one-off sum, which would be funded from the General Fund reserve balances.

5. IMPLICATIONS

5.1 Financial Implications

The report is financial by nature and as such all implications are contained in the main body of the report.

5.2 Legal Implications

The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by Government grant and Council Tax.

5.3 Staffing Implications

There are a number of savings options which have staff implications. Consultation with the Trades Unions began in November. The Head of Human Resources is co-ordinating centrally the implementation of staff related savings.

5.4 Risk Implications

There are risk implications to setting a prudent General Fund budget if the savings options are not achieved. Heads of Service will be preparing implementation plans for those options deemed as a medium to high risk by the Strategic Director (Resources).

5.5 Equalities and Diversity Implications

An Equalities Impact Assessment was completed on the savings package and included in the November Executive Part II report. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined, EIA will be reviewed.

6. BACKGROUND DOCUMENTS

- July Medium Term Financial Strategy