

# ITEM NO: 18

<b>DECISION-MAKER:</b>	CABINET COUNCIL
<b>SUBJECT:</b>	CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS
<b>DATE OF DECISION:</b>	30 <sup>TH</sup> JUNE 2008 16 <sup>TH</sup> JULY 2008

**REPORT OF:** CABINET MEMBER FOR RESOURCES &  
WORKFORCE PLANNING

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## STATEMENT OF CONFIDENTIALITY

Not Applicable.

## SUMMARY

The purpose of this report is to set out proposed variations to the Budget for 2008/09 that was approved by Council on 20<sup>th</sup> February 2008 and approve further savings in advance of the budget for 2009/10 that will be implemented during this year but not take effect until 1<sup>st</sup> April 2009. It also seeks to approve new expenditure associated with taking forward key revenue and capital projects over the next year.

The proposals set out in this report recommend the implementation of a number of items that were included within the Executive's budget proposal to Council in February this year but were not approved as part of that meeting.

Expenditure on other items that the Executive wish to progress in this financial year are also recommended in this report.

## RECOMMENDATIONS:

Cabinet recommends Full Council to :

- (i) Approve the additional expenditure in 2008/09 for the items set out in Appendix 1 to be funded in part from the savings in Appendix 2 with the remainder coming from balances.
- (ii) Subject to recommendation (iii) approve the efficiencies, income generation proposals and service reductions as set out in Appendix 2.
- (iii) To note that prior to a final decision being made regarding grant reductions referred to in Appendix 2, (ref. LC16) formal consultation with affected organisations be commenced as soon as possible and to note that any savings referred to in Appendix 2 for item LC16, are subject to the outcome of consultation with affected parties
- (iv) Add £70,000 to the Resources and Workforce Planning Portfolio Capital Programme in 2008/09 to complete works for cooling in the Computer Suite Room to be funded from Direct Revenue Financing.
- (v) Approve expenditure of £154,000 in 2008/09 for a new cooling system in the computer suite room

That Full Council

- (i) Approves the additional expenditure in 2008/09 for the items set out in Appendix 1 to be funded in part from the savings in Appendix 2 with the remainder coming from balances.
- (ii) Subject to recommendation (iii) approves the efficiencies, income generation proposals and service reductions as set out in Appendix 2.
- (iii) Notes that prior to a final decision being made regarding grant reductions referred to in Appendix 2, (ref. LC16) formal consultation with affected organisations be commenced as soon as possible and to note that any savings referred to in Appendix 2 for item LC16, are subject to the outcome of consultation with affected parties.
- (iv) Adds £70,000 to the Resources and Workforce Planning Portfolio Capital Programme in 2008/09 to complete works for cooling in the Computer Suite Room to be funded from Direct Revenue Financing.
- (v) Approves expenditure of £154,000 in 2008/09 for a new cooling system in the computer suite room

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The recommendations have been put forward to ensure that the operating budget for 2008/09 reflects the relative priorities of the new Executive following the Council elections and the AGM in May 2008.

## **CONSULTATION**

2. The majority of the proposals contained within this report were the subject of a widespread consultation exercise with stakeholders carried out as part of the development of the 2008/09 budget in November and December last year. Results of the consultation were included in the revenue budget report presented to Cabinet on 4<sup>th</sup> February 2008. Where new spending proposals have been put forward these have been subject to consultation with Chief Officers Management Team and relevant Cabinet Members.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. There are almost limitless options that can be applied to budget changes in the year most of which are driven by political priorities. In formulating the final options to present in this paper the Executive have taken into account the relevant impact of all options that were under consideration and as a result some have not been progressed.

## **DETAIL**

### **Revenue Budget**

4. The development of the Budget for 2008/09 was undertaken by the then Executive who undertook a wide ranging consultation exercise on their draft budget which was presented to Cabinet in October 2007.
5. Following the results of this consultation exercise a final budget was recommended by Cabinet to Council in February 2008.

6. At the Council meeting on 20<sup>th</sup> February the budget that was agreed by Council excluded a large number of the Executive's proposals. At that meeting, there was also a change of Executive.
7. Following the Council elections in May and the AGM, the new Executive have been reviewing the revenue budget. Given that the budget approved by Full Council in February excluded a number of the original proposals that were put forward, the Executive have reviewed these proposals taking into account any changed circumstances and have either decided to take no further action at this stage, implement the proposal to take effect from 1<sup>st</sup> April 2009 or vary the budget for 2008/09.
8. In addition, the Executive have been considering other priorities that they may wish to progress in the current year and have put forward proposals for new expenditure in order to take these forward.
9. Appendix 1 details the new expenditure requirements that have been highlighted for 2008/09 which total £1,170,000. Some of these items were included within the original budget proposals for 2008/09 and these are identified within the Appendix.
10. Appendix 2 sets out savings proposals, all of which were contained within the Executive's budget proposals for 2008/09 but the impact assessments have been updated to take account of the current position. Where possible these will be implemented as soon as possible in the current financial year, leading to savings of £421,000.
11. Appendix 2 also includes savings on expenditure for two revenue initiatives approved in February, one of which will only have a part year cost impact (enforcement co-ordination) and the other which will not be implemented at all (benefit take up campaign).
12. For the majority of these proposals however the intention is to take steps during 2008/09 to implement the saving so that it becomes effective from 1<sup>st</sup> April 2009. These proposals are being progressed in advance of the 2009/10 budget process on the basis that these items had already been fully consulted on as part of the development of the 2008/09 budget, with the exception of the item on Arts Grants (LC16) which must follow a further formal consultation process.
13. The overall net impact of the proposals contained within this report are shown in the following table :-

	2008/09 £'000	2009/10 £'000
Additional Spending	1,170	
Savings Proposals	(421)	(988)
Net (Saving) / Cost	749	(988)

14. The net cost in 2008/09 will be met from balances whereas the net saving for 2009/10 will be taken into account in the development of the budget for that year.

## **Capital Programme**

15. A major update of the Capital Programme is planned for September 2008, however this report provides the opportunity to make any necessary changes to the current programme that was approved in February.
16. The only change that is required to the capital programme at this stage is to provide additional resources to complete a scheme for the installation of a new cooling system in the computer room suite.
17. The current capital programme contains an amount of £84,000 for a new cooling system for the computer suite following numerous breakdowns of the existing system which clearly puts the Council's IT infrastructure at very high risk. This work represents part of the Council's liability for IT changes prior to the transfer to Capita.
18. Initial tenders for the work that were received were well in excess of the budget that was available and none of these were accepted. A further review of options has been undertaken in consultation with Capita colleagues and it is now estimated that £154,000 will be required to fit a chilled water system, although this would still be subject to a tender process.
19. The chilled water system has estimated annual costs of £30,000 per annum less than an air cooled system and therefore the revenue costs of the new system can be met within existing resources.
20. The additional £70,000 capital expenditure can be met from Direct Revenue Financing following savings in Microsoft software licence charges which are only paid in 3 out of every 4 years.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

21. As set out in the report.

### **Revenue**

22. As set out in the report.

### **Property**

23. None.

### **Other**

24. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

25. Local Government Acts 1972, 2000 and 2003 and Local Government Finance Act 1992.

**Other Legal Implications:**

26. It should be noted that any proposal to reduce grants of the kind envisaged in Appendix 2, item LC16, will be subject to extensive consultation and any representations must be taken into account before a final decision is made, in order to be consistent with current case law and to minimise the risk of legal challenge. It should be noted that this may mean that some savings referred to in Appendix 2, LC16 may not be achieved until later in 2009/10.

**POLICY FRAMEWORK IMPLICATIONS**

27. This report proposes variations to the budget and capital programme that were approved by Council on 20<sup>th</sup> February 2008.

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	New spending requirements 2008/09
2.	Variations to the Approved 2008/09 Budget

**Documents In Members' Rooms**

**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	General Fund Revenue Report 2008/09	
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**Background documents available for inspection at:**

**FORWARD PLAN No:** RW02990

**KEY DECISION YES**

**WARDS/COMMUNITIES AFFECTED:**

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