

REPORT TO CABINET

REPORT OF: CORPORATE HEAD OF FINANCE AND CUSTOMER SERVICES

REPORT NO: CHFCS45

DATE: 1st June 2009

TITLE:	Supplementary Estimates 2009/10	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Budget Framework Proposal	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Resources and Assets Portfolio Holder	
CONTACT OFFICER:	Richard Wyles – Corporate Head of Finance and Customer Services 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	N/A	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Local Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	CHFCS 25	

1. RECOMMENDATIONS

It is recommended that Cabinet:

a. recommend to Council the approval of the following Supplementary Estimates in respect of the following:

- General Fund – Capital Programme of £4.589M 2009/10 (appendix A)
- General Fund Revenue estimate increase of £180k
- Supplementary estimate for LABGI Income be approved for £193,849.62 and this be used to support economic development related initiatives. The details of this be delegated to the Corporate Head of Sustainable Communities and the Economic Development Portfolio Holder

- **Housing Revenue Account – Capital Programme of £4.631M for 2009/10 and £5.425m for 2010/11 (appendix B)**
- **Housing Revenue Account – Revenue increase of £654K**

b. **General Fund - Summary Revenue Estimate 2009/10 and Reserves Statement as attached at appendix C**

c. **Capital Financing Statement attached at appendix D**

d. **Housing Revenue Account – Revenue Account summary 2009/10 as attached at appendix E**

2. PURPOSE OF THE REPORT/DECISION REQUIRED

The Council approved the Capital and Revenue budgets, in respect of the financial year 2009/10, at its meeting on 2 March 2009. Since that time there have been a number of proposals that will have an impact of the budget framework. This report provides the details of the proposals.

3. DETAILS OF REPORT

The report deals with proposed changes to the capital and revenue budgets in the following way:

General Fund Capital Programme

The capital programme has been agreed at £4.123M and is detailed in the Council's budget book. Following the closedown procedure of the financial year 2008/09 the following items have slipped into 2009/10:

- Economic Grant – Northfields project Market Deeping – delays with works to the pumping station
- Purchase of 2 waste freighters – the delivery of one vehicle has been delayed
- Purchase of new pool cars – slippage in pool car replacement

It is proposed to include a provision to enable the purchase of a further waste freighter. This provision will only be utilised in the event of a reduction in the operational number of vehicles due to unforeseen circumstances. There is a further bid to utilise an additional £100k regional housing grant in respect of the previous year's award.

General Fund Revenue budgets

In respect of the revenue budgets there are two separate proposed supplementary estimates.

1. Leisure Premises

Members will recall that the budget report (CHFCS25) referred to a number of risks to the budget. One of the risks was in respect of the creation of the Leisure Trust. This risk stated that:

- a. **Leisure Trust assumptions** – At the time of writing the signing off of the newly created Leisure Trust has yet to be undertaken. The budgets have been prepared on the basis that the Council will no longer be liable for business rates as the liability passes to the Trust (following the leasing of the facilities to the Trust).

It had been anticipated that the Charity Commission would be in a position to grant charitable status to the Trust prior to the commencement of the financial year 2009/10. However the timescale is proving to be longer than originally envisaged and the Council is liable (as the rating occupier) to pay the business rates on the leisure premises until such time as the Trust is granted charitable status and the premises are leased to it. It is prudent to add to the budget framework the equivalent of 6 months business rates for the leisure premises and this is costed at an additional £180K. This will be financed from the capacity reserve.

2. Local Authority Business Growth Incentive (LABGI)

The LABGI scheme allows local authorities to retain a share of increased business rates revenue generated in their area. By creating a direct financial incentive for Local Authorities to encourage business growth in their locality, LABGI provides the opportunity for local government and local businesses to work together to deliver economic success and prosperity to their local community.

Following the Minister for Local Government's statement in the House of Commons, details of proposed payments from the release of £100m of LABGI Year 3 contingency funds has been published. The £100m has been allocated to councils using the same methodology employed for the payments announced on 26 June last year. This is based on the increase in rateable value of non-domestic properties between 2005-06 and 2006-07 in each local authority's area, drawing on particular rating codes. A single payment is made to each eligible local authority in the final quarter of the financial year. The scheme operates as a non ring-fenced grant under section 31 of the Local Government Act 2003 and as such, authorities are free to spend the revenue on their own priorities in their area.

The Council has received £193,849.62 following the release of the LABGI and it is proposed to use this sum to directly support economic development initiatives in order to stimulate the local economy and attract inward investment. These initiatives will be aligned to the outcomes identified in the 'Good for business' priority plan and the agreed improvements from the economic growth and development audit.

Housing Revenue Account Revenue

Members will recall that during 2008/09 the Council commenced a 100% stock condition survey in respect of its housing stock. This work is being undertaken by external contractors following a contract award in May 2008. However due to a number of operational delays the full survey only commented in March 2009. Therefore there is a significant underspend of £654k in 2008/09 which will need to be carried forward into 2009/10 in order to meet the costs of the survey work undertaken this year.

Housing Revenue Account Capital Programme

There have been a number of new bids and slippages from the 2008/09 capital programme that are proposed for inclusion into the 2009/10 programme. The details of these are:

- Upgrading sheltered housing schemes – a new bid of £210k in respect of works at Manners Street Grantham
- Structural repairs – slippage of £62k from the 2008/09 programme
- Passenger lifts – a new bid of £240k in respect of lift replacement at Essex Road Stamford, Meadow Close Bourne, Woods Close Long Bennington and Manners Street Grantham
- Ground source heating pumps – this bid is in respect of the supply and installation of ground source heating pumps to be fitted at 25 (as yet unspecified) HRA properties for 2009/10. A further capital bid of £299k for 2010/11 also proposed. These pumps will reduce CO2 emissions by 85% per dwelling on solid fuel and 74% on electric heating systems. There is a proposal to bid for external grant funding for these works which could contribute up to £329,000 over 2 years.
- Property refurbishments – a bid of £94k and slippage of £21k in respect of properties at Walton Gardens Grantham and Scotgate Stamford
- Re-roofing – a bid of £55k for properties at Woods Close Long Bennington and Market Place Folkingham
- Re-wiring – a new bid of £41k (in addition to the £160k already approved) in respect of New Street flats Grantham
- Asset management software system – this software purchase was approved in December 2008. However due to the nature of the purchase the expenditure should be capitalised.

The reserves statement has been updated to reflect the additional financing requirements resulting from these additional bids (the opening balances used do not reflect the outturn position for 2008/09 as at the time of compiling the report the closedown of the financial year is still progressing). It is proposed to finance the programme in

4. OTHER OPTIONS CONSIDERED

N/a

5 RESOURCE IMPLICATIONS

These are stated in the report.

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

None identified.

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

N/a

8. CRIME AND DISORDER IMPLICATIONS

N/a

9. COMMENTS OF SECTION 151 OFFICER

My comments are included in the report.

10. COMMENTS OF MONITORING OFFICER

All the proposals in this report change the budget set in March. Any change to the budget is required to be approved by Council

11. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

N/a

12. APPENDICES: attached.