

COUNCIL TAX DESIGNATION AND CAPPING LOCAL GOVERNMENT FINANCE ACT 1992 COUNCIL TAX LIMITATION (ENGLAND) (MAXIMUM AMOUNTS) ORDER 2004

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

23RD SEPTEMBER, 2004

Wards Affected

Countywide.

Purpose

To finalise the allocation of budget reductions required to meet the revised budget necessitated by the Government's decision to designate the Council.

Key Decision

This is not a key decision.

Recommendation

That the budget reductions set out in paragraph 8 be recommended to Council.

Reasons

To determine a revised budget for 2004/05.

Considerations

1. The letter confirming the Secretary of State's decision to limit the Council's budget to £175,320,000 was received on 8th July, 2004.
2. As a consequence, budget reductions were required in the sum of £300,000 representing the Government's reduction in the budget of £253,000 plus the consequential re-billing costs of £47,000, net of the Combined Fire Authority contribution of 50%.
3. Mindful of the need to proceed with rebilling promptly, Cabinet agreed interim proposals for budget reductions on 15th July, 2004 and recommended accordingly to the July meeting of Council.
4. The budget reductions required were met initially from underspendings brought forward from 2003/04 as summarised in Appendix 1. In recommending such an approach, Cabinet acknowledged that it was not a wholly satisfactory way of addressing the issue. It did give the necessary stability to the Council's budget and

Further information on the subject of this report is available from
Mr I Hyson, County Treasurer, on (01432) 260235

enabled the Council to proceed with rebilling but it had the disadvantage of concealing the inevitable real reductions in levels of service. A further factor was the significant level of commitments against the underspendings.

5. It was, therefore, agreed that Cabinet re-examine the proposals in the light of an analysis of commitments by the County Treasurer and the current year's budget monitoring position.
6. The attached Appendix summarises the overall position established by the County Treasurer in relation to contractual commitments, other commitments that are regarded as being unavoidable and sums that have been earmarked for specific priorities. What the summary indicates is that the original schedule could be adhered to although in practice some 70% of the sums identified as underspendings were identified as being either committed contractually or were regarded as committed on other grounds. Any balance would, of course, have been applied in meeting priority objectives.
7. The budget monitoring report considered by Cabinet on 9th September did identify some potential for underspendings in the current year, particularly those arising from the successful restructuring of an element of the Council's borrowings late in 2003/04. There was, however, also evidence of pressure on expenditure in other areas. The areas identified in the summary sheet which very clearly contradict the investment strategy contained in the medium term financial plan relate to the programme of investment in ICT and the associated e-modernisation programme.
8. Although there is an element of "rough justice" in the proposed approach, it is suggested the savings identified in the September monitoring report be utilised to offset the provisional allocation in respect of ICT and e-modernisation commitment of £93,000 but apart from these provisions the original provisional allocation to the sums required to meet the cap be maintained.
9. It is recommended that these reductions be utilised to achieve the revised budget requirement. The position for 2005/06 and beyond will be dealt with as part of the budget exercise currently underway.

Risk Management

Determining the budget reductions as recommended will minimise the impact on delivery of the Council's key objectives.

Consultees

None.

Background Papers

None.