

BUDGET VIREMENTS 2010/11, QUARTER ONE – REDUCTIONS IN GOVERNMENT GRANTS

Responsible Officer James Walton, Section 151 Officer
e-mail: james.walton@shropshire.gov.uk Tel: (01743) 255011 Fax (01743) 255901

Summary

On 21st July Cabinet received a report setting out the in-year reductions in Government grants of £9.7m for 2010/11. Most of the grant cuts can be met by reducing the activities funded by the grant. However, in some service areas the funds have already been spent or are funding permanent staff and contractual commitments. This means that some transitional support is required to help service areas adjust to the lower level of funding and make changes to service delivery that are sustainable in the long term. This can be achieved by allocating some of the “extra savings” achieved as part of the 2010/11 budget process. Overall the Council can deliver £8.0m of the £9.7m cuts in the year. Cabinet recommended that the remaining £1.7m of the cuts in funding be covered from allocations from corporate resources for 2010/11 only so as to provide for a period of transition.

Recommendations

A. That Full Council approve the following virements in accordance with the recommendations from Cabinet:

- In-year Government Grant cuts from the £2m “extra” savings identified as part of the last budget process as set out below:

• Children and Young People’s Services	£850,000
• Community Services – Supporting People	£86,000
• Community Safety – Home Office	£18,000
• Development Services – Road Safety	£93,500
• LAA Performance Reward Grant	£567,000
• Business Grants – LABGI	£150,000
Total Virements	<u>£1,764,500</u>

REPORT

1. The Government announced a number of reductions to specific grant funding for 2010/11 in May and June. The total grant reductions identified for Shropshire Council are £9.7m, of which £6.9m represents revenue funding. A report was taken to Cabinet on 21 July 2010 detailing each of the grant cuts and how this would be managed during the year. The table below details the specific revenue grants that have been cut.

In Year Grant Reductions 2010/11	£	£
Area Based Grant:		
- Department for Education	1,710,000	
- Road Safety Revenue	187,000	
- Supporting People Admin	173,000	
- Home Office Total	36,000	
- Cohesion	35,000	
Total Area Based Grant		2,141,000
Revenue Grants:		
- LPSA Performance Reward Grant	3,254,000	
- Local Authority Business Growth Incentive	163,000	
- Housing and Planning Delivery Grant (est.)	1,117,000	
- Free Swimming	270,000	
Total Revenue Grants		4,804,000
Total Specific Grant Reductions (Revenue)		6,945,000

2. Work has been undertaken to see how the Council can accommodate these savings. Most of the cuts can be funded by the equivalent reduction in planned expenditure. However, as the savings have been announced during the financial year, some of the money has already been spent and there are some staffing costs met from these grants. Corporate resources are therefore required to fully accommodate these reductions. This can be achieved by using the £2m “extra” savings identified as part of the last budget process, as a means of funding some one-off allocations in-year. This allows service areas the time to make effective long term savings and mitigate the adverse impact on direct service delivery that these cuts will have in some areas.
3. Cabinet recommended that Council approve the following virements from the £2m “extra savings” so as to facilitate a phased implementation of grant reductions in the following areas:

• Children and Young People’s Services	£850,000
• Community Services – Supporting People	£86,000
• Community Safety – Home Office	£18,000
• Development Services – Road Safety	£93,500
• LAA Performance Reward Grant	£567,000
• Business Grants – LABGI	£150,000
Total Virements	£1,764,500

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Budget Monitoring for the First Quarter of 2010/11

Reductions in Government Grants For 2010/11

Revenue & Capital Budget 2010/11

Financial Rules

Human Rights Act Appraisal

No conflicts with the Human Rights Act have been identified.

Risk Assessment

The Council has a good record of managing within cash limited budget allocations. This is especially important because of the generally low level of balances we hold. Regular budget management, monitoring and reporting is part of our overall framework of internal control.

Environmental Appraisal

N/A

Community / Consultations Appraisal

N/A

Cabinet Member

Keith Barrow, Leader of the Council

Local Member

All

Appendices

N/A