



<u>Committee and Date</u>	<u>Item</u>	<u>Paper</u>
Council 21 <sup>st</sup> January 2010		

## BUDGET VIREMENTS 2009/10 – QUARTER THREE

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### Summary

On 6<sup>th</sup> January Cabinet received the Quarter Three revenue budget monitoring report and Quarter Three capital monitoring report setting out the overall financial position for the Council for 2009/10. Cabinet agreed to recommend that Full Council approve two virements and one new allocation of capital receipts. Full Council's approval is necessary in order to comply with the Council's Financial Rules.

### Recommendations

- A. That Full Council approve the following virements in accordance with the recommendations from Cabinet:
- i. To fund the voluntary early retirement cost and redundancy costs associated with delivering staffing reductions and budget savings for 2010/11 from the following sources:
    - £400,000 from the VAT refunds received in 2009/10
    - £554,000 from the surplus distribution received from West Mercia Supplies
    - £400,000 from the Insurance Reserve
    - £250,000 from the Elections Reserve
    - £500,000 from the reserves and balances transferred from the District Authorities
    - £116,000 from the underspend on Democratic Representation
    - £134,000 from the Performance Reward Grant.
  - ii. To approve allocation of capital receipts of £500,000 for Shirehall and District Head Quarters accommodation changes.
  - iii. To approve budget virement of £4,000,000 allocated to Affordable Housing to achieving Decent Homes Standard as part of the Housing Major Repairs Programme in 2010/11 so as to enable the Housing Team to include this in their planning for 2010/11 and achieve early spend.

**REPORT**

1. In order to deliver staffing reductions and savings in the base budget for 2010/11, the Council will need to provide for the associated voluntary early retirement costs and redundancy payments. The total cost is projected to be £2.3 million, and a number of areas have been identified as being able to fund these costs. A number of one off income receipts have been received in 2009/10 which are over and above the level anticipated. These include the West Mercia Supplies profit share for 2008/09, a substantial VAT refund from HM Revenue & Customs, and additional Performance Reward Grant being due in relation to the previous Local Area Agreement. A review of the earmarked reserves and balances of the Council and those inherited from the District Authorities has been undertaken and a number of balances that are uncommitted can be reallocated to the VER reserve including the Insurance Reserve, the Elections Reserve and various District Balances. An underspend within Democratic Representation has also been achieved in 2009/10 due to the part year savings on basic rates for Members Allowances. Cabinet recommended that Council approve the transfer of the following amounts to the VER Reserve:
  - £400,000 from the VAT refund received in 2009/10
  - £554,000 from the West Mercia Supplies surplus distribution
  - £400,000 from the Insurance Reserve
  - £250,000 from the Elections Reserve
  - £500,000 from District Balances
  - £116,000 from Democratic Representation
  - £134,000 from the Performance Reward Grant
  
2. A £500,000 increase in the capital Accommodation Changes budget is required for accommodation changes at Shirehall and the Area Head Quarters. £220,000 is required for the Shirehall 5<sup>th</sup> floor works, including building works, electrical and fire alarm works, secondary glazing and new blinds. £100,000 for works at the Oswestry and Ludlow Area Head Quarters and £20,000 for furniture at the Area Head Quarters. £80,000 for other building works at Shirehall and £80,000 for furniture at Shirehall.
  
3. In order to support the Council's work towards achieving Decent Homes Standard, £4,000,000 in capital receipts previously allocated to Affordable Housing is requested to be vired to support the Housing Major Repairs Programme in 2010/11. Approval is sought now to enable the Housing Team to include this in their planning for 2010/11 and achieve early spend.

**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 Third Quarter of 2009/10  
Revenue & Capital Budget 2009/10  
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 although our position is improving. 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**

Leader of the Council Keith Barrow

**Local Member**

All

**Appendices**

N/A