

BUDGET VIREMENTS 2009/10 – QUARTER FOUR

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Summary

On 12th May Cabinet received the Quarter Four revenue budget monitoring report setting out the overall financial position for the Council for 2009/10. Cabinet agreed to recommend that Full Council approve five virements. 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. In the light of the recent bad weather to make a contribution to the Severe Weather Reserve from the following sources:
 - £758,000 from the Performance Reward Grant
 - £242,000 from brought forward District Balances.
 - ii. £150,000 transfer from brought forward District Balances to fund the set up costs incurred in relation to the extra care Housing PFI.
 - iii. £90,000 from the Performance Reward Grant to cover the grant payment made to the Citizens Advice Bureau for the extra support services provided to local business and people as recommended by the Economic Recession Panel.
 - iv. £90,000 from the Performance Reward Grant to fund the costs of Community Alarms within Housing Services.
 - v. To fund the shortfall in interest received on the Council's revenue balances from the following sources:
 - £109,000 from the underspend on Corporate subscriptions in 2009/10.
 - £500,000 from brought forward District Balances
 - £203,000 from unallocated LABGI grant.

REPORT

1. The severity of the winter weather during 2009/10 has resulted in a significant overspend within the winter service. The number of turnouts for the gritting fleet has been twice that allowed for in the budget. The situation has not been helped by Local Authorities for the second year in a row experiencing difficulties in acquiring sufficient quantities of salt, resulting in a significant increase in the price per tonne. In order to fund these additional costs, a contribution to the Severe Weather Reserve of £1m is required in 2009/10. Cabinet recommended that Council approve the transfer of the following amounts to the Severe Weather Reserve:
 - £758,000 from the Performance Reward Grant
 - £242,000 from brought forward District Balances
2. A number of costs have been incurred in relation to the development of the Extra Care Housing PFI scheme in 2009/10. Cabinet recommended that Council approve £150,000 from District Balances towards these costs.
3. Community Services have incurred additional costs in 2009/10 in relation to a grant payment made to the Citizens Advice Bureau for the extra support services provided to local business and people as recommended by the Economic Recession Panel. Cabinet recommended that Council approve the transfer of £90,000 from the Performance Reward Grant to cover these costs.
4. Cabinet recommended that Council approve the transfer of £90,000 from Performance Reward Grant towards the costs of Community Alarms within Housing Services. The provision of community alarms is a vital service which ensures the safety of our elderly and vulnerable residents living in Shropshire housing stock.
5. A shortfall in interest received on balances has been projected throughout the financial year due to record low interest rates being awarded against cash balances. The shortfall of interest receivable on cash investments for 2009/10 is £862,000. The Council has recently borrowed £17m for the capital programme at rates of 4.05% and 4.02% over the next 10 years. A further £10.9m of short term borrowing was taken from the Public Works Loan Board at rates of 2.06% over 3 years and 2.56% over 4 years. Current advice to the Council is that interest rates will rise in response to anticipated increases by the Monetary Policy Commission in base rates. The difficulty is in knowing when this will happen. Cabinet recommended that Council approve the transfer of the following amounts to the VER Reserve:
 - £500,000 from brought forward District Balances
 - £203,000 from unallocated LABGI
 - £109,000 from Corporate Subscriptions

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 Fourth 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