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## Budget Council

26 February 2009

### Report of The Executive Leader

## **Recommendations of the Executive on the Council's Detailed Revenue Budget Proposals for 2009/10 and the Council's Capital Programme Budget for 2009/10 – 2013/14**

### Purpose of Report

1. This report presents to Council for approval the recommendations of the Executive in respect of the Revenue Budget proposals for the 2009/10 Financial Year and the Capital Programme Budget for the period 2009/10 to 2013/14. This report must be read in conjunction with the reports of the Director of Resources presented to the Executive meeting on 16 February 2009.

### Background

2. On 16 February 2009, the Executive met to consider the Revenue and Capital Budget recommendations contained in reports tabled by the Director of Resources. The following reports were considered:
  - a) Financial Strategy and detailed (revenue) budget proposals for 2009/10
  - b) Capital Programme Budget – 2009/10 to 2013/14
  - c) Treasury Management Strategy Statement and Prudential Indicators for 2009/10 to 2013/14.

Members have previously received copies of these reports and may also refer to them by following the link on the Budget Council agenda or at the foot of this report. It should be noted that a revised copy of the Financial Strategy report was published, and copies circulated to Members, on 13 February 2009.

3. A decision list from the Executive meeting, incorporating their recommendations to Council on the above reports, was published on 17 February 2009.
4. This report relates to the first two of these matters, namely the Executive's recommendations in respect of the revenue budget (Financial Strategy 2009/13) and the Capital Programme Budget. The recommendations in this regard are set out in paragraphs 13 and 14 below.

5. The Executive recommendations in respect of the Treasury Management Strategy are set out in a subsequent report, at Item 7 on the Council agenda.

## **Executive Amendments to the Revenue Budget Proposals**

6. At their meeting on 16 February, the Executive agreed the following amendments to the Director of Resources' recommendations on the Revenue budget presented in his report. The effect of these amendments on the Revenue budget is illustrated in the revised versions of Annexes 1, 3, 4, 6 and 7 to the report to Executive, which are attached as Annexes A, B, C, D and E to this report:

"a) *Amendment of the **net revenue expenditure** requirement for 2009/10 from £116.895m to **£117.686m**, to take account of the following:-*

1. *amendment to show the funding from unspent contingency in the base budget (-£125,000)*
2. *an additional Corporate energy and housekeeping saving. (-£175,000)*
3. *Reduction in trade union facility time saving (+£34,000)*
4. *Continue to fund post of Conservation Officer (+ £18,000)*
5. *Remove saving CSHS8 (reduction in support to Visit York) and replace with "savings from Economic Development" (net nil)*
6. *Investment to achieve energy efficiency through the Council (+£40,000) (one off)*
7. *Supplementary programme of highways and footpaths maintenance to be funded from Reserves (+£1,000,000) (one off)*
8. *Increase CSLP10 – Speed enforcement measures (+£30,000) (one off)*
9. *Waste Minimisation budget allocation (+£10,000) (one off)*
10. *Reduction in Contingency (-£46,000)*
11. *Policy prospectus review for ResPark refinement based upon a vehicles carbon emissions (+£5,000) (one off)*

b) *Amendment of the **revenue growth proposals** as follows*

- *Ongoing: from £8.997m to £8.969m (+£18,000 Conservation officer, reduction in contingency -£46,000)*
- *One off growth from £1.251m to £2.336m (amended as follows: -£1,000,000 for Highways/footpaths, £40,000 energy efficiency, £10,000 waste minimisation, £5,000 policy prospectus ResPark, £30,000 speed enforcement).*

c) *Amendment of the **revenue savings** proposals figure from £4.962m to **£5.228m**.(corporate energy/housekeeping +£175,000, reduced saving re trade union time -£34,000, incorporation of unspent ongoing contingency 2008/09 into savings +£125,000).*

- d) *In terms of the Council's reserves, to agree to the use in 2009/10 of £3,474,000 (amended from £2,389,000 as follows: - £1,000,000 for Highways/footpaths, £40,000 energy efficiency, £10,000 waste minimisation, £5,000 policy prospectus ResPark, £30,000 speed enforcement).*
- e) *The £186,000 **LAGBI grant** to York for 2008/09 to be used to fund an Economic Prosperity Programme Reserve.*
- f) *Inclusion of an advance from the Council's **Venture Fund** of £100k in 2009/10 and £200k in 2010/11, to be spent on the modernisation of the City's street lighting stock, which will have the effect of reducing revenue costs and CO2 emissions, these to be included in the Capital Programme.*
- g) *Transfer of £2 m of the Council's **accumulated balances** to a capital reserve fund, this sum to be earmarked to support the capital programme in later years, and the Director of Resources to be instructed to undertake a review of, and determine the optimum level of, balances to be retained by the authority in future years."*

## **Executive Amendments to the Capital Budget Proposals**

- 7. At their meeting on 16 February, the Executive recommended the inclusion of five additional schemes in the capital programme (see Recommendation (iii) in paragraph 14 below). A revised version of Annex B to the report to the Executive is attached as Annex F to this report, to illustrate the changes.

## **Consultation**

- 8. The Council's budget has been widely consulted upon. Please refer to the relevant paragraphs in the report of the Director of Resources.

## **Options**

- 9. Options open to Council are to approve the Executive's recommendations, or alternatively, to approve any amendments that may be moved by other Members of Council.

## **Corporate Priorities**

- 10. The Council must set a balanced budget every year in order to manage its business and deliver its services effectively.

## **Implications**

- 11. There are no known implications in relation to the following in terms of referring the Executive's recommendations to Council. Implications in respect of setting the budget

are contained in the reports to Executive, which have been published and made available to all Members:

- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Property**
- **Other**

## **Risk Management**

12. The risk management issues relating to the budget setting process are contained in the reports of the Director of Resources to the Executive, which have been published and made available to all Members.

## **Recommendations**

### **Revenue Budget**

13. The Executive recommends that Council approves and adopts the revenue budget proposals as set out below and in the annexes to the report of the Director of Resources presented to the Executive meeting on 16 February 2009 (*and the amended annexes attached to this report*):
- (i) The net revenue expenditure requirement for 2009/10 of £117.686m, as set out in Annex 1 (*as amended*);
  - (ii) The housing revenue account proposals outlined in Annex 12;
  - (iii) The dedicated schools grant proposals outlined in the report;
  - (iv) The revenue growth proposals of £8.969m on-going for 2009/10, plus one-off growth of £2.336m, outlined in Annex 3 (*as amended*), plus an additional £1.138m relating to one-off growth proposals brought forward from 2008/09;
  - (v) The revenue savings proposals for 2009/10 of £5.228m outlined in Annex 4 (*as amended*);
  - (vi) The use in 2009/10 of £3.474m revenue reserves, as outlined in Annex 6 (*as amended*);
  - (vii) The use in of prior year Collection Fund surplus of £0.236m;
  - (viii) The fees and charges proposals in Annex 8;
  - (ix) The IT Development Plan proposals as shown in Annex 10;
  - (xi) An advance from the Council's Venture Fund of £627k in 2009/10 and £626k in 2010/11 to be made to phase 2 of the [easy@york](#) project, as outlined in

Annex 11, which will enable the project to continue until 2014/15 (*plus the £100k in 2009/10 and £200k in 2010/11, for the modernisation of the City's street lighting stock*).

The above recommendations resulting in a Council Tax increase of 4.25% for City of York Council.

## **Capital Programme**

14. The Executive recommends that Council:

- (i) Approve the revised capital programme of £185.515m, as set out in the report and annexes, and specifically the inclusion in the capital programme of new schemes totalling £56.958m.
- (ii) Approve:
  - a) the bids in paragraphs 24-49 of the report, totalling £10,586m and
  - b) the additional externally funded schemes in paragraph 54, totalling £46,372m.
- (iii) Agree to provision being made in the capital programme, subject to further detailed reports being brought back to the Executive, for five further additional schemes, as follows, resulting in a total capital programme of £194.165m:
  - a) Community Stadium and athletics facilities -£4m (*this being an initial estimated net cost, in year 2011/12*)
  - b) New recycling facility – net cost £2.5m (*all in 2011/12*)
  - c) Acomb Office - £1.75m gross, £0.9m prudential borrowing, £0.85m net cost (*0.5m in 2010/11, £1.25m in 2011/12*)
  - d) Street light modernisation expenditure of £100,000 in 2009/10 and £200,000 in 2010/11, to be financed from the Venture Fund.
  - e) £100,000 in 2009/10 to fund a programme aimed at improving energy conservation standards in homes in the City.
- (iv) Note the overall funding position identified in the report, which highlights a current shortfall in resources over the next five years, which the Council will need to address through increased revenue contributions in the medium term.
- (v) Note the additional impact on the funding position of the inclusion of the five new schemes as set out in Recommendation (iii) above.
- (vi) Endorse the principle of any un-committed revenue budget under-spending, which may be considered as part of out-turn reports, being allocated to assist in balancing the capital programme.

- (vii) Agree to establish a Capital Reserve, to support the funding of the capital programme, to be funded from any future revenue under-spending, together with potential contributions from general reserves, this to be regularly updated as part of ongoing reviews of Council Reserves.
- (viii) Note, in view of the potential funding shortfall towards the end of the capital programme period, the need for regular updates of the 5 year plan to the Executive and Council, with such reports to provide an update on the overall 5 year plan and to identify any required amendments that may be needed to expenditure and resources projections, to ensure that the capital plan is fully resourced in the medium term.
- (ix) Agree the use of £170k of prudential borrowing in respect of the Millfield Lane Community Sports Centre.
- (x) Approve the use of £111k of Housing Revenue Account (HRA) balances to fund the HRA capital programme elements in 2009/10.

**Reason:**

In accordance with legal and constitutional requirements in respect of the budget setting process.

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**Chief Officer Responsible for the report:**

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**Report Approved**

**Date** 19/2/09

**Specialist Implications Officer(s)** None

**Wards Affected:**

**All**

**For further information please contact the author of the report**

**Annexes**

Annex A – revised version of Annex 1 to Executive report (Summary of Budget)

Annex B - revised version of Annex 3 to Executive report (Growth & Reprioritisation)

Annex C – revised version of Annex 4 to Executive report (Savings Proposals)

Annex D – revised version of Annex 6 to Executive report (Use of Reserves)

Annex E - revised version of Annex 7 to Executive report (Estimated Reserves Balances)

Annex F - revised version of Annex B to the original report to Executive (re-stated Capital Programme 2009/10 – 2013/14)

### **Background Papers**

Reports to the Executive meeting held on 16 February 2009 as follows:–

- i) Report of Director of Resources re Financial Strategy and Detailed Revenue Budget Proposals 2009/10.
- ii) Report of Director of Resources re Capital Programme Budget 2009/10 to 2013/14
- iii) Report of Director of Resources re Treasury Management Strategy.

Web link to the above reports:

<http://democracy.york.gov.uk/ieListDocuments.asp?CId=102&MId=3585&Ver=4>