

Council – 20 April 2009

Notice of motion – Use of LABGI to replace specific items in the 2009/10 Approved Budget

Service Area: Council wide

Wards: All

1. Summary of report

This report provides background information with regard to the following notice of motion submitted by Councillors Oliver, Wilkes, Anson and Coughlan:

“As the Council notes:

(1) The decisions taken in relation to the Council’s 2009/2019 budget at the meeting on the 23rd February 2009.

(2) The notification as 24th February 2009 of Local Authority Business Growth Initiative (LABGI) contingency funding from Government to a total of £314,800 in Walsall which is un-ringfenced grant.

This Council therefore resolves that Cabinet be requested to consider that this additional LABGI funding is used to replenish changes in the Council budget as follows:

- a) That the increase in charges for meals on wheels be pegged at 2.5% instead of the current 10.5% (cost: £20,248).
- b) That the cut to the highways maintenance budget be reinstated (cost: £75,000).
- c) That finance be resolved to be used for additional activities for young people, including provision through the voluntary sector and for sport (cost: £69,552).
- d) That the Ready Steady Summer scheme for young people be reinstated for 2009 (cost: £50,000).
- e) That a review be undertaken of respite care across older peoples services, learning disability services, mental health services and young adults disability services, with a view to increasing equity of access (cost: £100,000)”.

2. Background information

The council received notification on 24th February that it was to receive a further one-off allocation of £314,800 of Local Authority Business Growth Incentive grant. The Government held back a contingency fund which has now been released by the Government following the settlement of judicial reviews brought by several councils into how the grant was originally calculated.

The grant is one-off revenue grant and is un-ring fenced and therefore authorities can choose how to spend it. Following clarification with Councillor Oliver, the notice of motion proposal is to use this one-off income to fund changes to the budget for 2009/10 only and therefore does not represent a commitment to fund beyond 2009/10, this would need to be considered during the 2010/11 budget setting round.

The £75,000 highways maintenance budget cut is a one-off for 2009/10 within the currently approved budget, and therefore this proposal seeks to reinstate that budget. It is technically possible to use the grant funding, as one-off income should only be used to fund one-off spend/costs or reductions in income.

In considering this notice of motion, Council may wish to give consideration to the prevailing economic situation, the impact of the recession and the potential for it to worsen and the budgetary impact of this on the council's resources and reserves.

Alongside this, the impact of the recession on services and budgets has been significant in 2008/9, and despite careful management; contributed to a council wide overspend of c£1.2m, a need to replenish balances and to make good income losses of c£1.5m in the 2009/10 budget setting process.

There is clearly some uncertainty nationally about future funding from central Government and an expectation that beyond (and possibly as soon as) 2010/11, Government will reduce funding to local authorities to a nil increase or even a real term reduction. At the time the budget was set, funding increases of 3.0% (year 3 of the Comprehensive Spending Review), 3.0% and 3.0% were expected. The impact of a nil increase will therefore need to be managed and planned for from now.

The above economic situation will put pressure on existing and future resources and therefore Council should consider whether it wishes to retain this one-off additional resource in reserve to mitigate existing potential pressures or unforeseen one-off pressures. The 2009/10 budget includes efficiencies and savings of over £12m to be implemented by services. If we were 97% successful, this would lead to an in-year pressure of £360k. Consideration should be given to using any one-off windfall to replenish reserves.

The current medium term financial strategy sets the minimum required level of reserves at c£5.4m and the maximum at c£11.9m. Currently predictions are that the Council will start the 2009/10 year with reserves just above the minimum level.

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Signed:



Executive Director

Date: 31 March 2009