

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Leader and Cabinet	12 April 2007
AUTHOR/S:	Chief Executive/Principal Accountant (General Fund and Costing)	

UNCOMMITTED GRANT BALANCES AND OTHER EARMARKED RESERVES OVER TWO YEARS OLD AS AT 31 MARCH 2007

Purpose

1. To seek the approval of Cabinet to carry forward uncommitted balances on earmarked reserves that are over two years old.

Background

2. The current budget and policy framework rules allow that any uncommitted reserve balance that is unused at the end of a financial year can be carried forward into the following year with the approval of the relevant Portfolio Holder, unless the balance is more than two years old, in which case the approval of Cabinet as a whole is required. This unused sum carried forward is then available in the new financial year in addition to the approved budget estimate.
3. It should be appreciated that, in addition to the presented uncommitted balances, the Council's reserves also include amounts necessary to meet the payment of commitments already approved but not yet paid over. The period between approval of grant and final payments can be years in some cases. These amounts will be carried forward except where it is established that the grant is no longer required.

Considerations

4. All uncommitted balances over two years old as at 31 March 2007 that are requested to be carried forward are summarised as follows:

Portfolio	Description	Balance Total £	Balance over 2 years £
Community Development	Dual Use Capital Grants	770,977	458,477
Conservation, Sustainability and Community Planning	Heritage Initiatives Historic Buildings Preservation Fund (estimated balance)	9,511 54,968	9,511 54,968
Total		835,456	522,956

5. Dual Use Capital Grants: the total uncommitted balance of £770,977 at 31 March 2007 has been built up over a number of years by making annual contributions to the "fund" and carrying forward the balance to meet requirements into the future. The Dual Use Sports Facility Strategy for upgrading all village college sports facilities was approved in 1999. Subsequently, in 2001, Cabinet confirmed that the updated programme be completed. This required that all the remaining reserve balance be

carried forward for the rest of the planned programme, which was likely to continue until 2007/08. During 2006-7, Cabinet agreed grants of £12,318 to Gamlingay and £265,000 to Cottenham Village Colleges. In previous years, grants of £150,000 to Swavesey, £350,000 to Bassingbourn, £313,000 to Sawston, £300,000 to Comberton, £310,000 to Linton and £275,000 to Melbourn Village Colleges had been approved. The latest updated programme was presented to Cabinet at the meeting in March last year. It indicated that the intended grant level of 40% for all schemes could be met, provided that the reserve and the annual budget provision in the capital programme was accumulated to the year 2007-08. The remaining schemes are for Impington and Gamlingay Village Colleges. It is recommended that the £458,477 figure that is over two years old be carried forward into 2007-08. The £312,500 balance under two years is subject to approval by the Community Development Portfolio Holder.

6. Heritage Initiatives (£9,511, which is over two years old): This reserve was set up in 1996/97 with a one-off contribution of £200,000, for use over a number of years. The balance has reduced from £135,290 to the above in the last five years. The Conservation and Design Manager has indicated that the balance is intended to help fund Green Infrastructure Strategy projects. When this balance is used up, it will be necessary to seek virement from Historic Building Grants, or other funds, as appropriate, if such projects are to be assisted in the future. Therefore, it is recommended that the balance be carried forward.

7. Historic Buildings Preservation Fund (estimated at £54,968, which is over two years old): This was first established in 1982 to provide the means, in the last resort, to save buildings at risk. It has enabled the Council to use its statutory powers, which could lead to compulsory purchase, repair and resale of such property. More recently, most of the reserve has been used to carry out work at St. Denis Church, which is owned by the Council. Following the approval last June by Cabinet to carry out re-roofing and general repair works to arrest the deterioration of the former church, the works are all completed, but the finalisation of the contract is still outstanding, so that further expenditure could fall in the next financial year. Grants from English Heritage and Hatley Parish Council funded part of this expenditure. The Conservation and Design Manager considers that the remainder of the fund would continue to enable the Conservation and Design Section to initiate action to secure the future of other key listed buildings at risk, encouraged in many cases by community led initiatives; its retention would make a substantial contribution to both securing the historic fabric of the district and support action to save cherished landmarks. Therefore, it is recommended that the estimated balance (which has not yet been finalised due to the outstanding expenditure) be carried forward.

8. The unique reserve balance below has previously been treated as committed, but it is now clear that it will never be used under its current description:

Portfolio	Description	Balance Total £	Balance over 2 years £
None	Millennium Working Party Grants	16,320	16,320

The Millennium Working Party was set up to consider the allocation of £100,000 for woodland grants. After it was disbanded, an uncommitted balance of £47,830 was returned to central balances. However, a further balance of £16,320, which had been earmarked for the Woodland Trust for future woodland maintenance remained in the

reserve. Nevertheless, the officer who dealt with the grants was satisfied that all grants had been paid and there were no outstanding payments. It has therefore been concluded that this sum is not committed, so it could be returned to general balances. However, as the reserve was held for a conservation related project, its transfer to Heritage Initiatives could be an alternative option (see below).

Options

9. For the Millennium Working Party balance in paragraph 9, there appear to be two main options:
 - a. Return the balance to the overall General Fund Reserve. The balance would increase the Council's balances, although the effect would be insignificant.
 - b. Transfer the balance to the Heritage Initiative Reserve and carry the total balance forward. This would help to preserve the reserve, where relatively small amounts could be used to support Green Infrastructure Strategy projects.

10. For those items in paragraph 5, the decision is simply whether or not to carry forward the balance over two years old in each case. The current Medium Term Financial Plan assumes that all uncommitted balances are carried forward until used for grant expenditure. The recommendations follow the wishes of the relevant cost centre managers, whose plans would be compromised by the loss of funds for anticipated future grants. In general, the recommendation is to carry forward the balances to ensure that current plans can continue. The outstanding balances brought forward could then be reviewed at any stage in the future, should the financial circumstances of the Council change.

Implications

11. Financial	Balances carried forward overall will have nil effect on Council expenditure, in accordance with the Medium Term Financial Plan. However, the balances available towards grant approvals or relevant expenditure in the new financial year will be enhanced by the sums brought forward. Any balances not carried forward will result in an under-spending in the old year and will add to the overall General Fund Reserve.
Legal	None
Staffing	None
Risk Management	Failure to carry forward grant reserves would have a detrimental effect on the stated objectives of the Council. For example, the Dual Use Strategy could not be achieved and the village colleges' provision of facilities to the public would be affected.
Equal Opportunities	None

Consultations

12. The comments and recommendations of the relevant spending officers have been incorporated into the considerations reported above.

Effect on Annual Priorities and Corporate Objectives

13.	Affordable Homes	The proposals in the report seek to ensure the continued availability of funding to support the spending plans of the Council.
	Customer Service	
	Northstowe and other growth areas	
	Quality, Accessible Services	
	Village Life	
	Sustainability	
	Partnership	

Recommendations

14. It is recommended that Cabinet
- (a) resolve that the following uncommitted reserve **balances that are over two years old be carried forward** into the 2007/08 financial year:
- | | |
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| Dual Use Capital Grants (£770,977 in total) | £458,477 |
| Heritage Initiatives Grants | £9,511 |
| Historic Buildings Preservation Fund (estimated) | £54,968 |
- (b) determine whether the balance of £16,320 be returned to the overall General Fund Reserve or transferred to Heritage Initiatives Grants and carried forward with the above balance.

Background Papers: the following background papers were used in the preparation of this report: Schedules of Grants 2006/07

S.C.D.C. Budget Booklet 2007/08

Previous minutes and agenda

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