

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR: Finance and Resources Director

13 April 2006

UNCOMMITTED GRANT BALANCES AND OTHER EARMARKED RESERVES OVER TWO YEARS OLD AS AT 31 MARCH 2006

Purpose

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

Effect on Corporate Objectives

2.	<table border="1"><tr><td>Quality, Accessible Services</td></tr><tr><td>Village Life</td></tr><tr><td>Sustainability</td></tr><tr><td>Partnership</td></tr></table>	Quality, Accessible Services	Village Life	Sustainability	Partnership	The proposals in the report seek to ensure the continued availability of funding to support the spending plans of the Council.
Quality, Accessible Services						
Village Life						
Sustainability						
Partnership						

Background

3. 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.
4. 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

5. All uncommitted balances over two years old as at 31 March 2006 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	890,095	575,295
Conservation, Sustainability and Community Planning	Heritage Initiatives Historic Buildings Preservation Fund (estimated balance)	9,511 54,390	9,511 54,390
Total		953,996	639,196

6. Dual Use Capital Grants: the total uncommitted balance of £890,095 at 31 March 2006 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 2005-6, Cabinet agreed a grant of £150,000 to Swavesey and £350,000 to Bassingbourn Village Colleges. In previous years, grants of £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 last meeting, in March. 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, Cottenham and Gamlingay Village Colleges. It is recommended that the £575,295 figure that is over two years old be carried forward into 2006-07, in addition to the £314,800 balance under two years, which has already been approved by the Community Development Portfolio Holder.
7. 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 four years and is now very near to being fully committed. The Conservation and Design Manager has indicated that the balance would be used to facilitate more local partnership schemes, such as the continuation of the successful Village Greenspace projects, which are led by parish councils. Such initiatives will enable the Council to facilitate voluntary effort, which will enhance significantly both the natural and the historic build environment of the district. Therefore, it is recommended that the balance be carried forward.
8. Historic Buildings Preservation Fund (estimated at £54,390, 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 reproofing and general repair works to arrest the deterioration of the former church, the works are virtually all completed, but some expenditure could fall in the next financial year. Grants from English Heritage and Hatley Parish Council will fund 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 expenditure being made currently) be carried forward.

9. One uncommitted balance which is over two years old as at 31 March 2006 is to be returned to the overall General Fund Reserve, as below:

Portfolio	Description	Balance Total £	Balance over 2 years £
Housing	Shopping Car Parks	36,850	36,850

There has not been any annual budget provision for car parks in the last five years, but the remaining uncommitted balance in the reserve has been brought forward to cover any further possible expenditure. It has now been established that there are no plans for such expenditure at the current time, so it is intended to return the balance of £36,850 to central balances.

Options

10. 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.

Financial Implications

11. 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.
12. 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 and Staffing Implications

13. None.

Risk Management Implications

14. 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.

Consultations

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

Recommendations

16. It is recommended Cabinet note that the Shopping Car Parks balance of £36,850 will be returned to the overall General Fund Reserve and resolve that the following uncommitted reserve **balances that are over two years old be carried forward** into the 2006/07 financial year:

Dual Use Capital Grants (£890,095 in total)	£575,295
Heritage Initiatives Grants	£9,511
Historic Buildings Preservation Fund (estimated)	£54,390

Background Papers: the following background papers were used in the preparation of this report: Schedules of Grants 2005/06
S.C.D.C. Budget Booklet 2006/07
Previous minutes and agenda

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