

COUNCIL PROPOSED BUDGET AMENDMENTS 2004/05

In accordance with the Budget and Policy Framework Procedure Rules, the City Council is asked to consider amendments to the Executive's budget proposal contained in Minute EX.021/04, Executive Response to the Budget Consultation and Recommendations for the 2004/05 budget (Key Decision), as set out below:

Amendment No. 1

Proposed by: Cllr J M Guest Seconded by: Cllr J P Farmer	Recurring expenditure/ savings (-) 2004/05 £	Recurring expenditure/ savings (-) Future years £
Concessionary Fares - 60% concessions plus Christmas fares holiday to be funded permanently	70,000	130,000
To be financed from projects fund	-70,000	-130,000

Amendment No. 2

Proposed by: Cllr J M Guest Seconded by: Cllr J P Farmer	Non-Recurring expenditure/ savings (-) £
Culverting Dow Beck at Stanhope Road	60,000
To be financed from Projects Fund	-60,000
Net Saving	Nil

The consequences of accepting **Amendment 1** and **Amendment 2** would result in the following main changes to the Executive's Budget proposals for 2004/05:

Schedule 2 – Recurring Spending Proposals

- Recurring Spending Proposals would increase by £130,000 to £383,000, £432,000 and £443,000 for 2004/05, 2005/06 and 2006/07 respectively

Schedule 3 – Non-Recurring Spending Proposals

- Total Non-Recurring Spending Proposals would reduce by £60,000 to £353,000

Schedule 4 – Summary Net Budget Requirement

- Total General Fund Revenue Expenditure (City Council) would increase by:
 - £70,000 to £14.351m in 2004/05
 - £130,000 to £14.463m in 2005/06 and
 - £130,000 to £14.943m for 2006/07
- Contributions from General Fund Balances to fund recurring expenditure would increase by
 - £130,000 to £87,000 in 2004/05 (previously was a negative £43,000)
 - £130,000 to £269,000 in 2005/06 and
 - £130,000 to £409,000 in 2006/07
- Contributions from General Fund Balances for non-recurring new commitments would reduce by £17,000 from £414,000 to £397,000 in 2004/05

Schedule 5 – Council Tax Impact

- There would be an impact on Council Tax Projections if off setting savings could not be identified

Schedule 7 – Proposed Capital Programme

- Proposed Total Capital Programme would increase by £60,000

Schedule 8 – Reserves and Balances

- The balance available in the Projects Fund would reduce by:
 - £130,000 to £690,000 as at 31 March 2005
 - £190,000 to £238,000 as at 31 March 2006 and
 - £190,000 to - £264,000 (i.e. in deficit) as at 31 March 2007

Comment of the Head of Finance

The consequence of the Council approving the above amendments are;

- Project Fund balances are being used to fund recurring expenditure of £130,000 per annum. On current projections this is only sustainable until 2005/06. Additional savings must be identified to meet that impact, alternatively the impact on Council Tax is an **additional 2.5%** per annum from 2005/06. This increase would take the Council above the Government's current capping guidelines.
- If savings are not achieved the impact on the Projects Fund is forecast to be in deficit of £264,000 by 2006/07. This is clearly not sustainable and will significantly effect the delivery of any future capital schemes.
- There is an additional risk to the budget in accepting this proposal into the base budget without taking into account any potential significant increase in concessionary rider-ship.
- There are no significant implications from amendment 2.