



Leicester  
City Council

**WARDS AFFECTED**  
**All Wards – Corporate Issue**

Cabinet

26 September 2005

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**Area Committees - Budgets**

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**REPORT OF THE DIRECTOR OF RESOURCES, ACCESS AND DIVERSITY**

**1. Purpose of Report**

Within the current framework, to agree the process for releasing and spending funds allocated by Council for use by Area Committees.

**2. Summary**

- 2.1. As part of the 2005/6 approved revenue budget, Council agreed that £250,000 be allocated for use by Area Committees and in addition there would be a one off provision of £100,000 in relation to locally based sporting activities.

The detailed mechanisms to enable delegated decision making by Area Committees, including the spending of allocated budgets, are not yet in place. It makes most sense to develop these provisions as part of the extension of Area Committees beyond the current three pilot Committees – this being a matter currently under consideration in the light of the evaluation of the pilot Area Committees.

This Report, therefore, seeks to allocate both the budget provision (for Area Committees and locally based sports related activities) and provide a mechanism whereby these funds can be accessed and spending approvals given.

**3. Recommendations**

That Cabinet agree:

- (i) the set of criteria and rules set out in Appendix A to achieve the release of funds allocated to Area Committees in the 2005/6 approved Revenue Budget
- ii) that any proposals for expenditure from these budgets be reported to Cabinet in order that they can consider and determine any proposals which are contrary to existing strategic policy provision, and
- (iii) The one off budget provision of £100,000 to support locally based sporting activities be divided between the ten proposed area Committees and that the

criteria and approval mechanisms adopted by the Grants Panel at their meeting on 26 August 2005 be utilised for the release of these funds.

#### **4. Headline Financial and Legal Implications**

4.1 The approved 2005/06 Revenue budget includes sums of £250k and £100k, intended for allocation to Area Committees. The report proposes a method for distributing these funds between the Area Committees and also a mechanism for dispersing funds from the sum of £100k.

4.2 The report also proposes that any sums remaining unspent at the year end from these funds be carried forward to be spent in the next financial year. It should be noted that, under Finance Procedure Rules, this can only be done if the Department can demonstrate an overall break-even position at the year end. The Department is prohibited under Finance Procedure Rules from delivering a net overspend.

#### **4.3 Legal Implications – Anthony Cross, Assistant Head of Legal Services x 6362**

4.3.1 Area Committees can be created in accordance with Local Government legislation.

4.3.2 Area Committees do not at present have specific budgets or power to spend those budgets, pending a review of the Constitution which will include consideration of formal delegation of a budget to Area Committees together with power to spend within defined parameters. This report identifies a mechanism within the current Council Constitution that will enable Area Committees to make spending decisions albeit any final decision will be subject to Cabinet approval and be in accordance with Financial Procedure Rules.

4.3.3 As not all Area Committees are yet in existence the report also identifies the manner in which Area Committees that will be set up in the next financial year will not be disadvantaged.

4.3.4 In relation to the £100,000 to provide support or facilitate the development of sports clubs within the area of Area Committees, the report indicates that the spending of this money will be the basis of the criteria and mechanisms agreed by the Grants Panel but again compliance will be required with Financial Procedure Rules.

4.3.5 Accordingly under the Constitution provisions as they currently stand the requisite checks and balances are in place.

#### **5. Report Author/Officer to contact:**

Charles Poole  
Service Director (Democratic Services)  
extn. 7015

## DECISION STATUS

<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet):



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**Area Committees - Budgets**

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**SUPPORTING INFORMATION**

**1. Report**

As part of the 2005/6 approved revenue budget, Council agreed that £250,000 be allocated in 2005/6 for use by Area Committees.

To date, three Area Committees have been piloted.

Consideration is currently being given, in the light of an evaluation of this pilot and Government guidance on area based arrangements, as to the roll out and future development of Area Committees.

The delegation to Area Committees of spending decisions requires significant changes to the Council's Constitution, Finance Procedure Rules and associated support arrangements – finance and legal as well as the support mechanisms provided by service departments. It is best that this work is undertaken within the framework of the future developments on Area Committees.

In the meantime, it is appropriate that the three Area Committees currently in operation have access to these funds.

It is, therefore, proposed that the £250,000 budget provision be divided equally between the ten proposed Areas (whilst recognising that the City Centre body will have different drivers and imperatives). Each of the nine Area Committees (i.e. excluding the city centre for these purposes) would be allocated a budget of £25,000. As not all the Area Committees will be operational in the current financial year, it is proposed that approval be sought at the financial year end to carry forward unused funds to the new financial year, subject to there being sufficient underspend within the revenue budget for Resources, Access and Diversity to enable this to be done, in accordance with Finance

Procedure rules Such a process will not disadvantage those areas which do not, as yet, have an Area Committee formed.

As detailed above, with the provisions not currently in place to enable the Area Committees to take delegated decisions on funding matters, a proposed set of criteria and rules are attached at Appendix A to enable Area Committees to draw on these funds. Pending the detailed work being undertaken, it is recommended that spending proposals from Area Committees also be reported to Cabinet in order that they can consider any proposals which may be contrary to existing policy provisions.

Also at the Council Budget Meeting in February 2005, Council agreed a one off budget, in the sum of £100,000 for the purposes of supporting locally based bids for sports related activities. It is envisaged that such a fund would help deliver targets by investing in joint projects and partnerships with voluntary and other organisations. Furthermore, rather than waiting for voluntary groups to approach the Council or Area Committees for funding, this approach would allow the Area Committees, in partnership with other organisations to approach specific voluntary organisations and provide money for sporting related events and activities that were deemed suitable. This would also support and development of sports clubs and related activities most in need across the city, provide a further positive driver towards community cohesion using the medium of sport. Such a provision could similarly be accessed primarily through Area Committee arrangements, utilising the criteria and approval mechanisms adopted by the Grants Panel at their meeting on 26 August 2005. It is, therefore, recommended that the sum of £10,000 be made available to each Area Committee (with year end carry forward arrangements for unspent provision in March 2006 subject to the availability of funds within RAD).

## **2. Financial, Legal and Other Implications**

### **2.1. Financial Implications**

- 2.1.1 The revenue budget for 2005/06 includes sums of £250k for delegation to Area Committees and £100k as a one-off sum to be allocated by the Area Committees to provide support or facilitate the development of Sports Clubs within their areas.
- 2.1.2 The formal responsibility for these budgets lies with the Director of Resources, Access and Diversity, in accordance with finance procedure rules. It is proposed that the day to day management of the budgets should rest with the Service Director, Democratic Services. This arrangement is also in accordance with Finance Procedure Rules.
- 2.1.3 The report proposes to allocate the budgets equally between the 10 area committees, and that criteria and approval mechanisms adopted by the Grants Panel at their meeting on 26 August 2005 be used to allocate funds from the £100k set aside for Sports Clubs.
- 2.1.4 The report proposes the carry forward, in an earmarked reserve, of any unspent funds from either of these budgets at the end of March 2006. The Director of Resources, Access and Diversity is, however, under an obligation (under Finance Procedure Rules) to ensure that his Department is not overspent at the year end. Consequently,

any budgets which underspend would normally be required to offset any overspends before those individual underspends could be earmarked and carried forward. Members are asked to note that the Department is currently forecasting an overspend, and corrective management action will need to be successful if a break-even is to be achieved, and any resources are to be available to be carried forward.

## 2.2 Legal Implications

- 2.2.1 Area Committees can be created in accordance with Local Government legislation.
- 2.2.2 Area Committees do not at present have specific budgets or power to spend those budgets, pending a review of the Constitution which will include consideration of formal delegation of a budget to Area Committees together with power to spend within defined parameters. This report identifies a mechanism within the current Council Constitution that will enable Area Committees to make spending decisions albeit any final decision will be subject to Cabinet approval and be in accordance with Financial Procedure Rules.
- 2.2.3 As not all Area Committees are yet in existence the report also identifies the manner in which Area Committees that will be set up in the next financial year will not be disadvantaged.
- 2.2.4 In relation to the £100,000 provides support or facilitate the development of sports clubs within the area of Area Committees, the report indicates that the spending of this money will be the basis of the criteria and mechanisms agreed by the Grants Panel but again compliance will be required with Financial Procedure Rules.
- 2.2.5 Accordingly under the Constitution provisions as they currently stand the requisite checks and balances are in place.

## 2.3 Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	Yes	The report addresses the utilisation of the £100,000 fund for sports related activities which will help develop sporting related activities in areas of need within the city.	
Policy	No	The report addresses the allocation of budgets within existing decision making structure.	
Sustainable and Environmental	No		

Crime and Disorder	Possible	Funds may be allocated for this purpose on a local area basis.
Human Rights Act	No	
Elderly/People on Low Income	Possible	Funds may be allocated for this purpose on a local area basis.

**3. Background Papers – Local Government Act 1972**

**4. Consultations**

**5. Report Author**

Charles Poole  
Service Director (Democratic Services)  
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## AREA COMMITTEE BUDGETS – CRITERIA FOR ACCESSING AND SPENDING AREA BASED BUDGETS

### Budgets

Each Area Committee will be allocated a budget each year. For 2005/06 this will be £25,000 for each Area Committee for general purposes and a one off budget in 2005/6 of £10,000 to give as small grants to sports clubs/events.

The formal responsibility for these budgets will rest with the Director of Resources, Access and Diversity, as required under Finance Procedure Rules, but the practical responsibility for the day to day management of these budgets will rest with the Service Director, Democratic Services, who will respond to recommendations from the Area Committees on the use of the budgets.

The budget will be monitored as part of the Council's corporate budget monitoring arrangements, but each Area Committee can request more detailed budget monitoring reports if it wants. The time and format of these reports are something that could be agreed between the Area Committee and the Service Director.

The Service Director must keep expenditure within the budget available. If it is likely that the budget is going to be overspent or underspent, the issue will be managed by the Council's Director of Resources, Access and Diversity as set out in the Council's Finance Procedure Rules.

The budget proposals must be in accordance with the Council's Finance Procedure Rules. In particular, the Service Director must seek value for money in all cases. This may mean obtaining competitive quotes for the supply of goods and services.

There are some things that the Area Committee **cannot** ask for the budget to be spent on. These are:

- Staffing.
- Paying any remuneration to Members of the Area Committee other than travel and childcare or other care costs or out of pocket expenses.
- Buying land or buildings or refurbishing buildings outside the Council's own strategies and plans for property management (although redecorating can be funded).
- Making grants, other than one-off grants to voluntary organisations.
- Investing money
- Any form of gambling or lottery.