



Leicester
City Council

Cabinet

9th April 2001

**RESIDUAL BUDGET ISSUES
(INCLUDING BRADGATE PARK)**

Report of the Chief Financial Officer

1. Introduction

- 1.1 The purpose of this report is to identify the effect of an adjustment which has been made to property budgets following revisions to our capital receipts expectations, and to consider lead members' request to identify additional sources of funding for Bradgate Park and to strengthen communications.

2. Summary

- 2.1 The three year capital programme from 1999-2002 was based on an assumed £14m capital receipts target. Following a decision of Cabinet on 19th March, in association with the relocation of Abbey Meadows Depot, the target was reduced by £2.7m.
- 2.2 The budget of the Environment & Development Department is built on the assumption that rent to the value of 6% of investment property sales is lost in a full year. The budget for the department is now overstated by a sum of £134,600 due to the effect of reduced sales in 2000/01, and the reduced target for 2001/02. The budget will consequently be reduced accordingly.
- 2.3 The only outstanding budget issue of any significance is the officers' pay award. Budget provision has been made at 2.75%, and the employers' organisation has offered 3% (which has been rejected by the unions). An award of 3% would cost the authority £0.3m in 2001/02. (More recently, the employers have made an offer in excess of 3%, effective from part way through the year.)
- 2.4 Normal practice is for departments to absorb the extent to which the final pay award exceeds budgetary provision in the year it occurs (with budgets being adjusted the following year). Local authorities generally will have considerable difficulty in affording an award that costs more than 3%. However, until there is certainty, I would recommend that the majority of the saving from the property budget is retained centrally.

- 2.5 Members have identified a wish to make additional budgetary provision for:
- a) Bradgate Park;
 - b) Strengthening Communications.
- 2.6 Representations have been received from the Bradgate Park Trust regarding the level of funding agreed for 2001/02. The Trust is being hit by a serious loss of income as a direct result of essential foot and mouth disease precautions. The Park has been closed since the end of February in order to protect its historic herds of deer as part of the countrywide ban on public access to areas containing livestock and other sites adjacent to farmland. The Trust is currently losing some £5,000 per week in income from parking and visitor facilities. Staff cannot be laid off because the Country Park needs to be managed, walkers now have to be kept out rather than welcomed, the deer fed and disease precautions undertaken.
- 2.7 In the special circumstances outlined above, members may consider that the approved reduction in grant of £20,000 for 2001/02 be reinstated on a one-off basis for 2001/02, because of the severe difficulties the Trust is facing at this difficult time.
- 2.8 A sum of £15,000 per annum would enable the Communications Unit to increase its capacity by providing funding for an additional half post.
- 2.9 Should members wish to fund these items, an appropriate mechanism might be:
- a) to fund the £15,000 per annum from the money saved from property, retaining the balance pending resolution of the uncertainty over pay;
 - b) to fund the one off £20,000 from underspendings in the Chief Executive's office in 2000/01, if there are sufficient after meeting budgetary commitments towards Best Value (calling on the property savings if there aren't).

3. Recommendations

- 3.1 Cabinet is recommended to:
- a) note a saving of £134,600 arising from a reduction in the amount needed to compensate Environment & Development Department for loss of property income;
 - b) agree that the majority of this saving should be set aside until there is clarity regarding the pay award;
 - c) consider how it wishes to fund any contribution it wishes to make to Bradgate Park or to strengthen communications.

4. Financial and Legal Implications

4.1 This report is entirely concerned with financial issues.

5. Report Author/Officer to Contact

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