

## WYRE FOREST DISTRICT COUNCIL

### CABINET

16<sup>TH</sup> FEBRUARY 2006

### Report on the Final Determination of the Local Government Finance Settlement for 2006/2008

<b>AN OPEN ITEM</b>	
<b>COMMUNITY STRATEGY THEME:</b>	-
<b>CORPORATE PLAN THEME:</b>	Improving Corporacy & Performance
<b>KEY PRIORITY:</b>	Financial & Asset Management
<b>STRATEGY:</b>	Budget & Policy Framework
<b>CABINET MEMBER:</b>	Councillor John Campion
<b>RESPONSIBLE OFFICER:</b>	Head of Financial Services
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<b>APPENDICES</b>	None

#### **1. PURPOSE OF REPORT**

- 1.1 To report on the Final Determination of Wyre Forest's Finance Settlement from the Government for 2006/2008.

#### **2. RECOMMENDATION**

The Cabinet is asked to DECIDE :-

- 2.1 The results of the Settlement are incorporated into the Council's Budget Strategy and resultant Council Tax Levy for 2006/2007.

#### **3. BACKGROUND AND KEY ISSUES**

- 3.1 The Office of the Deputy Prime Minister announced on 31<sup>st</sup> January, 2006, the Government's final proposals for the Local Government Finance Settlement 2006/2008.
- 3.2 The Settlement largely confirms the proposals set out in the provisional settlement as identified in the Head of Financial Services report to the Cabinet on 22<sup>nd</sup> December, 2005 and results in an increase of £5,260 in Government Grant for 2006/2007 and a provisional increase of £17,460 for 2007/2008, over that previously announced.

3.3 The effect for Wyre Forest is similar to that proposed in December and varies slightly due to the updating of data used in the calculations. The key features of the Settlement for this Council are as follows:-

	<b>2006/2007 £m</b>	<b>2007/2008 £m</b>
Relative Needs Amount	3.285	3.308
Relative Resource Amount	-1.918	-2.095
Central Allocation Amount	6.310	6.679
Floor Damping	-0.390	-0.205
<b>Total Formula Grant</b>	<b>£7.287m</b>	<b>£7.687m</b>

- a) Revenue Support Grant (RSG) has been confirmed at £1,179,090 (as opposed to the provisional settlement of £1,173,000).
- b) Business Rate Grant (NNDR) has been confirmed at £6,108,170 (as opposed to the provisional settlement of £6,109,000).
- c) Therefore Total Formula Grant (RSG + NNDR) for 2006/2007 has been confirmed at £7,287,260 an increase of £1,210,320 (19.9%) over 2005/2006 based on the new calculation methodology.
- d) The provisional Finance Settlement for this Council for 2007/2008 is £7,687,460.

#### **4. FINANCIAL IMPLICATIONS**

4.1 The Cabinet's Final Budget Proposals will include the revised formula grant.

#### **5. LEGAL AND POLICY IMPLICATIONS**

5.1 Local Government Act 2003 places duties on Local Authorities on how they set, monitor and review budgets.

#### **6. RISK MANAGEMENT**

6.1 The Accounts and Audit Regulations 2003 and the new CPA 2005 – Use of Resources require Local Authorities to fully consider and manage risk as part of the Budget process. The details of Risk Management in respect of the Budget process were reported to Cabinet on 22<sup>nd</sup> December 2005.

## **7. CONCLUSION**

- 7.1 The Final Settlement confirms the Provisional Local Government Settlement as announced on 5<sup>th</sup> December 2005 and the revised formula grant will now be included in the Cabinet's Final Budget proposals.

## **8. CONSULTEES**

- 8.1 Leader of the Council, Cabinet Member for Finance and Corporate Affairs and Corporate Management Team.

## **9. BACKGROUND PAPERS**

- 9.1 Provisional Local Government Finance Settlement.  
9.2 Cabinet Agenda 22<sup>nd</sup> December 2005  
9.3 Final Local Government Finance Settlement 31<sup>st</sup> January 2006  
9.4 Local Government Act 2003  
9.5 Accounts and Audit Regulations 2003  
9.6 CPA 2005 – Use of Resources