

WYRE FOREST DISTRICT COUNCIL

CABINET
21ST FEBRUARY 2008

Report on the Final Determination of the Local Government Finance Settlement for 2008/2011

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

1. PURPOSE OF REPORT

- 1.1 To report on the Final Determination of Wyre Forest's Finance Settlement from the Government for 2008/2011.

2. RECOMMENDATION

The Cabinet is asked to **RECOMMEND TO COUNCIL :-**

- 2.1 The results of Wyre Forest's Finance Settlement 2008/2011 be incorporated into the Council's Budget Strategy and resultant Council Tax Levy for 2008/2011.
- 2.2 Delegated authority to the Cabinet to allocate Area Based Grants, following the issue of guidance from the Communities and Local Government (CLG).
- 2.3 Delegated authority to the Cabinet to allocate Local Authority Business Growth Incentive (LABGI) for General Economic Regeneration purposes, following Ministerial announcement of the 2008 Grant.

3. BACKGROUND AND KEY ISSUES

- 3.1 John Healey, the Local Government Minister announced on 24th January, 2008, the Government's final proposals for the Local Government Finance Settlement 2008/2011.

- 3.2 The Settlement confirms the proposals set out in the provisional settlement as identified in the Head of Financial Services report to the Cabinet on 20th December, 2007.
- 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:-

| | 2008/2009 £m | 2009/10 £m | 2010/2011 £m |
|----------------------------|-------------------------|-----------------------|-------------------------|
| Relative Needs Amount | 3.176 | 3.188 | 3.202 |
| Relative Resource Amount | -2.113 | -2.094 | -2.069 |
| Central Allocation Amount | 6.980 | 6.991 | 6.998 |
| Floor Damping | -0.165 | -0.104 | -0.064 |
| Total Formula Grant | £7.878m | £7.981 | £8.067 |

- a) Revenue Support Grant (RSG) for 2008/09 has been confirmed at £962,763.
- b) Business Rate Grant (NNDR) has been confirmed at £6,915,995.
- c) Therefore Total Formula Grant (RSG + NNDR) for 2008/2009 has been confirmed at £7,878,758 an increase of £191,295 (2.49%) over 2007/2008.
- 3.4 The Council have also been allocated a Special Grant of £288,574 for 2008/09, £295,380 for 2009/10 and £303,547 for 2010/11 towards meeting the costs of the new English Concessionary Bus Travel Scheme. These grants have been incorporated into the Base Budget for 2008/2011.
- 3.5 In addition, as part of the Governments review of Local Area Agreement (LAA's) funding, the Council have been allocated direct the following Area Based Grants :-

| | 2008/09 £ | 2009/10 £ | 2010/11 £ |
|----------------------------|----------------------|----------------------|----------------------|
| Cohesion | 26,471 | 48,529 | 75,000 |
| Stronger Safer Communities | 522,000 | 310,000 | 234,000 |

The grant element for "Stronger Safer Communities" is in respect of the cost of the Oldington and Foley Park Pathfinder Scheme, and will need to be passported to the Community Housing Group as the Accountable Body. The grant in respect of Cohesion is new monies, however, guidance is still awaited from CLG in connection with usage.

- 3.6 There has been a delay in the announcement of the 2008 LABGI Grant due to a legal challenge on the method of distribution. It is now anticipated that we will not receive our notification until at least March 2008.

4. FINANCIAL IMPLICATIONS

4.1 The Cabinet's Final Budget Proposals will include the revised Formula Grant for 2008/2011.

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 '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 20th December 2007.

7. CONCLUSION

7.1 The Final Settlement confirms the Provisional Local Government Settlement as announced on 6th December 2007 and the new special grant has been included in the Cabinet's Final Budget proposals.

8. CONSULTEES

8.1 Leader of the Council, Cabinet and Corporate Management Team.

9. BACKGROUND PAPERS

9.1 Provisional Local Government Finance Settlement 6th December 2007

9.2 Cabinet Agenda 20th December 2007

9.3 Final Local Government Finance Settlement 24th January 2008

9.4 Local Government Act 2003

9.5 Accounts and Audit Regulations 2003/2006