

WYRE FOREST DISTRICT COUNCIL

CABINET 16TH FEBRUARY, 2010

Proposed Decision: Agenda Item 8.1(a)

FINANCIAL STRATEGY 2010/2013

The Cabinet, having re-considered the Financial Strategy 2010/2013, as recommended on 22nd December 2009, the results of the consultation exercise and recommendations of the Corporate Resources Scrutiny Committee (this is a separate item on this agenda), **RECOMMENDS TO COUNCIL THAT IT :-**

1. PRIORITIES FOR 2010/2013

- 1.1 **NOTES** That following the approval of the Corporate Plan by Council during 2008/2009, the Council Priorities for 2010/2011 are as follows :-

Corporate Aims	A Better Quality of Life	A Vibrant Local Economy	A Sustainable Environment	A Well Run & Responsive Council
Priorities	More Affordable Housing	District-wide Regeneration	Reducing Waste to Landfill and Increasing Recycling	Improving Efficiency and Value for Money

2. CONSULTATION STRATEGY (Agenda Item 8.1(b))

- 2.1 **NOTES** the comments and views from the Consultation exercise identified within the Cabinet Report on the 16th February 2010.

- 2.2 **NOTES** the following comments from Corporate Service Committee on 11th February 2010:

Recommendation to Cabinet to Recommend to Council:

Having considered the Cabinet proposals, and amendments from the Independent Community & Health Concern, Labour and Liberal/Liberal Democrat Groups, the Corporate Resources Scrutiny Committee is satisfied that the proposals are all clear, achievable and financially sound.

- 2.3 **NOTES** any comments from local residents and businesses at this meeting of the Cabinet on 16th February and at the meeting of the Council.

3. BASE BUDGET VARIATIONS (pages 96-100)

- 3.1 **NOTES** the Budget Variations identified between Original and Revised Budgets 2009/2010 and between the Revised Budget 2009/2010 and the Original Budget for 2010/2011.

4. **SHARED REGULATORY SERVICE**

- 4.1 **APPROVES** the creation of a Shared Regulatory Service for the seven principal councils in Worcestershire, hosted by Bromsgrove District Council, be established from 1st June 2010, under the auspices of a Joint Committee; and the transfer of relevant employees from the Council's Planning and Regulatory Services Directorate under the principles and procedures of TUPE to Bromsgrove District Council.
- 4.2 **DELEGATES** authority to the Chief Executive, in consultation with the Leader of the Council and Group Leaders, to appoint the Council's representative on the joint appointments committee that will handle the appointment of the Head of Shared Service; and to appoint the Member(s) on the joint committee that will oversee the shared service.
- 4.3 **DELEGATES** authority to the Chief Executive in consultation with the Leader of the Council and Corporate Management Team, to finalise the legal agreement for the establishment of the shared service and the joint committee, including the statement of service requirements, subject to provision of an information report to Cabinet in relation to the statement of service requirements.

5. **CAPITAL PROGRAMME 2009/2010 ONWARDS** (pages 72-95)

- 5.1 **APPROVES** the updated Base Capital Programme and Vehicle, Equipment and Systems Renewal Schedule as presented to the Cabinet on 22nd December 2010, as updated by further Cabinet approvals as appropriate.
- 5.2 **APPROVES** the funding of the approved Capitalisation Directions of £2.585m in relation to the costs of impairment charges and severance costs resulting from Cabinet Proposals from the Council's unallocated Capital Receipt or Prudential Borrowing (this will be determined by the most financially prudent method by the Director of Resources in accordance with delegation under paragraph 5.7).
- 5.3 **NOTES** the availability of Capital Receipts and the ability to use Prudential Borrowing for new Capital Proposals.
- 5.4 **REAFFIRMS** the Council's updated Capital Strategy.
- 5.5 **DELEGATES** authority to the Director of Resources in consultation with the Cabinet Member for Resources, to fund the Vehicle, Equipment and System Renewal Schedule by means of Prudential Borrowing (repayments based on anticipated life of Vehicle, Equipment and Systems).
- 5.6 **DELEGATES** authority to the Director of Resources in consultation with the Cabinet Member for Resources, to fund the Capital requirements for the Shared Regulatory Service, the MOT Garage service and the Total Operational Management System by means of Prudential Borrowing or unallocated Capital Receipts (this will be determined by the most financially prudent method by the Director of Resources in accordance with delegation under paragraph 5.7).
- 5.7 **DELEGATES** authority to the Director of Resources, in consultation with the Chief Executive and the Cabinet Member for Resources, to determine the most financially prudent funding method for Capital Projects (Capital Receipts or Direct Revenue Funding) at the end of each Financial Year.

6. **EFFICIENCY TARGETS** (pages 106-109)

- 6.1 **APPROVES** the identified estimated Annual Efficiency Savings contained within the Director of Resources report and **NOTES** these savings have been incorporated into the Budget Strategy.

- 6.2 **NOTES** that the Council are required to achieve target cash releasing Revenue and Capital savings of approximately £700k each year including 2009/2012 in accordance with CSR07 requirements. With the announcement in the Budget earlier this year that targets are to be increased to 4%, our annual efficiency gains increase to £900k per year.
- 6.3 **NOTES** that Cabinet Proposals include future target savings of £673,250 in 2012/2013.
- 6.4 **APPROVES** that the Corporate Management Team prepare a suitable Policy/Strategy to deliver both the above efficiency savings and future target savings to be prepared by September 2010, with a Cabinet decision the following month.
7. **RISK MANAGEMENT AND THE BUDGET PROCESS** (pages 110-117)
- 7.1 **ENDORSES** the Budget Risk Management process identified in the Risk Management and Budget Report and **NOTES AND ENDORSES** the Budgetary Response to identified risks as detailed on the Budget Risk Matrix Appendix 1 of the Report, and updated, as presented to Cabinet on 22nd December 2009.
8. **INCOME SERVICE OPTIONS** (pages 118-155)
- 8.1 **APPROVES** Income Service Options and associated fees and charges as detailed in the Financial Strategy as presented to Cabinet on 22nd December 2009.
- 8.2 **AGREES** introduction of fees and charges for the new MOT Garage service included within the Cabinet Proposals and **DELEGATES** authority to the Director of Resources to determine the said fees, and **AGREES** the introduction of fees and charges for the new Planning Enquiry, pre-application advice and Energy Performance Certification services and Private Landlords Accreditation Scheme included within the Cabinet Proposals and **DELEGATES** authority to the Director of Planning and Regulatory Services to determine the said fees.
9. **PRUDENTIAL SYSTEM OF LOCAL GOVERNMENT FINANCE AND THE TREASURY MANAGEMENT STRATEGY REPORT 2010/2011** (Agenda Item 8.3)
- 9.1 **ADOPTS** the updated Prudential Indicators and Limits for 2009/2010 Revised, 2010/2011 to 2012/13.
- 9.2 **APPROVES** the updated Treasury Management and Investment Policy and Strategy 2010/2011 and associated Prudential Indicators.
- 9.3 **APPROVES** the Minimum Revenue Provision (MRP) Statement that sets out the Council's policy on MRP.
- 9.4 **APPROVES** the authorised Limit Prudential Indicator.
- 9.5 **REVISITS**, as part of Budget Monitoring, the Prudential Indicators following the approval of the Council's Budget Strategy as the indicators included within this report are based on current recommendations.
- 9.6 **NOTES** that the current Treasury Management Practices (TMP) will be kept under review by the Director of Resources with the assistance of the Council's Treasury Consultants.
- 9.7 **APPROVES** amendment of the Financial Regulations and Constitution to adopt the recommended clauses in the revised CIPFA Treasury Management Code of Practice issued in November 2009.

10. SECTIONS 25-28 LOCAL GOVERNMENT ACT 2003 (Agenda Item 8.1(c))

10.1 **NOTES** the Director of Resources Opinion on the Budget Proposals recommended by the Cabinet on the 16th February 2010.

11. THREE YEAR BUDGET AND POLICY FRAMEWORK 2010/13 (pages 3-71)

11.1 The contents of the Reports of the Director of Resources on the Three Year Budget and Policy Framework 2010/2013 (pages 3-71) and Base Budget Variations (pages 96-100) be **ENDORSED** and in doing so approve the Revised Revenue and Capital Budgets for 2009/2010.

11.2 **REAFFIRMS** the Council's policy relating to Working Balances, Reserves and Provisions and notes the amount of Reserves and Provisions available for use in the Budget process (pages 69-70).

11.3 **APPROVES** that any Final Account savings arising from 2009/2013 over and above the target allowed for in the 2009/2013 Council's Finance Strategy, together with surplus Earmarked Reserves, be allocated for the one-off costs of the Single Site project.

11.4 The following General Fund Revenue Budget be **APPROVED** including **CABINET PROPOSALS (Appendix 1)** and **INCOME SERVICE OPTIONS** (see Financial Strategy pages 118-155):

	Revised 2009/2010 £	2010/2011 £	2011/2012 £	2012/2013 £
Net Expenditure on Services (per Appendix 1 on Page 14 of the Financial Strategy Book)	16,391,870	15,981,790	16,001,420	16,281,240
<u>Less</u> Cabinet Proposals identified in Appendix 1	-	(704,050)	(882,760)	(1,691,420)
Net Expenditure	16,391,870	15,277,740	15,118,660	14,,589,820
Contribution (from) Reserves	(1,265,470)	50,530	(729,780)	(427,280)
Net Budget Requirement	15,126,400	15,328,270	14,388,880	14,162,540
<u>Less</u> Business Rate Grant, Government Grant and Collection Fund Surplus (Page 14)	8,032,540*	8,084,620*	7,310,400*	6,907,100*
Area Based Grant	381,340	337,820	0	0
Council Tax	<u>£6,712,520</u>	<u>£6,905,830</u>	<u>£7,078,480</u>	<u>£7,255,440</u>
Wyre Forest District Council Tax Level assuming 2.5% increase 2009/2010 onwards	<u>£192.80</u>	<u>£197.62</u>	<u>£202.56</u>	<u>£207.62</u>

Government Grant Analysis*	2009/2010	2010/2011	Increase (decrease)	
	£	£	£	%
Revenue Support Grant	1,496,610	1,022,890	(473,720)	(31.65)
Business Rates	6,484,090	7,044,230	560,140	8.6
Sub Total Grant	7,980,700	8,067,120	86,420	1.1
Collection Fund Surplus	51,840	17,500	(34,340)	(66.6)
Total Grant & Collection Fund Surplus	8,032,540	8,084,620	52,080	0.6

*For the years 2011/2012 and 2012/2013 the split between the Revenue Support Grant and Business Rates is not known at this stage

- Reserves available as part of the Three Year Financial Strategy:

Reserves Statement	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Reserves as at 1 April	2,372	1,106	1,157	427
Contribution from Reserves	(1,266)	51	(730)	(427)
Reserves as at 31 st March	1,106	1,157	427	0

11.5 **AGREES** to amend the scheme of member's allowances in part 6 of the Constitution with effect from 1st April 2010 to provide the mileage allowance for councillors is 40p per mile.

12. **COUNCIL TAX 2010/2013**

12.1 **APPROVES** a Council Tax for Wyre Forest District Council on a Band D Property of £197.62 for 2010/2011 (£192.80 2009/2010) an increase of 2.5% (£4.82 over 2009/2010).

12.2 **APPROVES** a provisional Council Tax on a Band D Property in 2011/2012 of £202.56 and £207.62 in 2012/2013 an increase of 2.5% per annum over 2010/2011.