

REPORT TO THE COUNCIL		Report No. 8A
Date of Meeting	26th February 2008	
Title of Report	Council wide Revenue and Capital Budgets 2008-09	
Link to Corporate Priorities	All	
Public Report	Yes	

Summary of Report

To bring before the Council the proposed North Wiltshire District Council 2008-09 budget.

Officer Recommendations

That the Council:

1. **Approve the Net Base Budget for North Wiltshire District Council for 2008-09 of £20,910,415.**
2. **Approve a Minimum General Fund Reserve of £2.4M.**
3. **Agree that unallocated inflation be held as a contingent budget, to be allocated by Head of Finance & Resources as and when excess inflation pressures arise.**
4. **Note the Adequacy of Reserves (Appendix A).**
5. **Note the Robustness of the Budget Estimates (Appendix B).**
6. **Note the creation of earmarked reserves from surplus General Fund balances for Unitary risks of £500,000, for Concessionary Fares £400,000 and the replenishment of the Insurance Fund £200,000.**
7. **Agree an increase in Council Tax by 1.6% for 2008-09 for its own purposes.**
8. **Agree to the policy changes implied by the budgets.**

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
YES	YES	YES	YES	YES

Contact Officer	Stuart McGregor, Head of Finance & Resources, 01249 706219 smcgregor@northwilts.gov.uk
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1 Introduction

- 1.1 This budget has been constructed on the basis of year two of the Medium Term Financial Plan, amended where necessary for inflation, growth and known events.
- 1.2 The key changes are detailed in Appendix C3, most of the revenue growth areas are one-off projects which allow the Council to use some of the surplus General Fund Reserves.
- 1.3 The budget has gone through several member groups before arriving at this final proposal, from the Member Planning day in September 2007, through the Budget and Strategic Planning Working Group, three formal Executive Budget meetings and Overview and Scrutiny. The principle and content therefore, is considered to reflect the Council's priorities, whilst maintaining a challenge for officers to deliver services within the resources available and retaining a prudent level of reserves.

2. Options and Options Appraisal

- 2.1 Option 1: That the Council approves the proposed budgets for 2008-09.
- 2.2 Option 2: That the Council propose alternatives.

3. Background Information

3.1 Policies and Process

National events

The Government stated a headline increase in Local Government funding, as stated by DCLG of 4.2%. Nationally there has been much challenge as there are extreme winners and losers. As a 'shire district' we are in fact only going to receive grant increase of circa 1% in respect of Revenue Support Grant and National Non Domestic Rates. This created an immediate but absorbable cost pressure.

Communities and Local Government announced the settlements for 2008/09 to 2010/11 on 24th January 2008. Our total settlement is now projected to be £8,141,101 against a MTFP total assumption of £8,192,000. It should be noted that the Revenue Support grant is lower than expected, but this is offset by a higher level of National Non Domestic Rates distribution. The net effect is a cost pressure of £50,899, which is in line with our assumptions to date.

The proposed national scheme for concessionary fares will impact on the budget for 2008-09, the impact is not yet known and a contingent budget is proposed.

It is expected that the Government will cap council tax increases, indications this week from the Minister for Local Government were that despite the exceptionally low settlement, councils would be expected to set increases at "substantially lower than 5%. The target rate of less than 2% is in line with this guidance.

Local Preparations

During the preparation of the forthcoming budget, the main highlights have been:

- (a) The Executive decided:

- that priorities would be guided by the agreed Corporate Plan;
 - the starting point for budget building, would be the 2007-08 original budget, informed by the September Members Planning Day and the information from the previous round of medium term planning (MTFP).
 - the continued development of medium term financial planning, so as to eventually support the first Wiltshire Council budget in 2009/10.
 - a timetable which sought to generate Executive proposals before Christmas 2007, so that there will be consultation with partners and stakeholders, in accordance with the Constitution of the Council, prior to Executive recommending a budget at this meeting (January 31st 2008).
- (b) Officers then sought to generate the “base budget”. The approach for this year was to simplify the process and cost change.
- (c) A feature of the budget process has been the emergence of three major issues. They are:
- the cessation of trading of North Wilts Leisure Limited, and the subsequent contract with DC Leisure;
 - the Pay and Rewards process, which is still in train and will not be finalised at least until later in 2008; and,
 - the move toward unitary status, which has impacted on the management re-structure and will have further ramifications for projects not yet commenced or planned for the current year and 2008/09. The impact of this is likely to be more on capacity than financial resources.
- (d) As a consequence, the focus has shifted from long term views and planning to a shorter horizon and the need to maintain existing services during a period of uncertainty and transition with Growth and Savings measures being considered within the timeframe.

3.2 Income

After taking account of specific grants, the Council depends on three main forms of income in 2007-08.

These are, firstly, from the Government – Formula Grant [Revenue Support Grant, and redistributed Business Rate] and Local Authority Business Growth Incentive. Secondly, Council Tax and thirdly, fees and charges. The main highlights to consider are:

- (a) Formula Grant – The Government’s revenue support for 2008-09, was announced 24 January 2008. The RSG settlement is £182,905 lower than assumed in the MTFP, whereas the NNDR settlement is £132,006 higher than assumed in the MTFP.
- (b) Council Tax - every 1% increase in Council Tax would generate circa £64,000 of additional income in 2008-09. The detailed budget proposals include the increase in the productivity of Council Tax:
- (c) Specific Grants, Fees and charges – A standard increase of 3% is assumed for most fees and charges. Exceptions will include Car Park charges where there will

be no increase in 2008-09. Adjustments have now been made for increases in Planning Application Fee's as set by Government which are above inflation (indications are that this will be a 25% increase) this is offset by a material reduction in income through Land Registry activity which has been impacted upon by the introduction of 'HIPS'.

3.3 Expenditure, Underlying Trends

The aim of the process is to arrive at a sound budget that seeks to improve services in the priority areas, consistent with maintaining a low Council Tax.

At the same time, there are other major areas of cost which are known and to which values have to be ascribed. These are:

- a) the cessation in trading of North Wilts Leisure Limited. The Council initially sought a replacement, short term contractor to run these services, however the unitary position has meant we are now unable to seek a longer term contractor. This will require us to continue with the current arrangements through 2008/09, this leaves the council liable to contingent risk. The budget now assumes an increase in cost of £200K above the MTFP;
- b) the Pay and Rewards process, which is in train and remains to be finalised. An upward increase of 4% had been assumed. The annual inflation uplift is known to be 2.475%, backdated to April 2007, and was paid December 2007, the outcome of the Pay Equalisation Project is not yet confirmed;
- c) the management re-structure did not complete due to the announcement of unitary position, however the anticipated savings have now been delivered;
- d) Capital Programme – the Council funds its Capital Programme from the sale of assets and has in the past funded its equipment programme via a revenue contribution of £500k. For 2008/09 a re-alignment of funding streams will occur with no net affect, but will reflect that certain grants currently paid from Capital would be more appropriately funded from Revenue and assets bought through the equipment fund such as refuse freighters would be more appropriately funded via Capital. In 2007-08 it borrowed £4.000M for capital expenditure. Investing receipts to generate contribution and provide revenue relief.
- e) Pension Fund Revaluation – new contribution rates will take effect in April 2008, following the Revaluation during 2007-08. No change in the employers' contribution of 26.1% as was assumed for 2007-08. A precautionary 1% was added for the MTFP 2008-9 budget, however the revaluation has reduced the contribution by 2% giving a saving of 3%, reducing assumed costs by £200,000.

The key planning assumption at present is that 2007-08 will continue to provide an underspend outcome – the current forecasts on expenditure indicate an £294K underspend as at Month 9.

Finally, the Local Government Act 2003 Section 25 places a duty on a Chief Finance Officer (CFO) to comment on “the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides”

Robust budgets

“What is required is the professional advice of the CFO on these two questions. Both are connected with matters of risk and uncertainty. They are interdependent and need to be considered together. In particular, decisions on the appropriate level of reserves should not be based on a rule of thumb, but should be guided by advice based on an assessment of all the circumstances considered likely to affect the authority.

“Section 25 requires the report to be made to the authority when the decisions on the calculations are formally being made. However, those decisions are the conclusion of a process involving consideration of the draft budget by various parts of the organisation, including the executive, member committees and officers. The CFO should ensure that appropriate information and advice is given at the earlier stages on what would be required to enable a positive opinion to be given in the formal report.

“There is no reason why the section 25 report should not form part of a report also dealing with other issues. But it should be possible to identify the sections of a composite report that are made under section 25, so that the authority is able to discharge its duty to take account of the statutory report under section 25(2).” [ODPM November 17]

- 3.4 The full comments are set out as appendix B to this report. A review of the General Fund Reserves was conducted and the Executive approved the revised minimum level as per appendix A.
- 3.5 Section 26 of the Act gives the secretary of state power to set a minimum level of reserves. The Medium Term Plan currently assumes a level of Reserves diminishing from £3.5M in 2007-08 to £3.2M in 2008-09 and further down to £2.9M in 2009-10. The revised level of £2.4M still provides for a level of reserve in excess of the minimum set by the secretary of state.
- 3.6 Expenditure, Proposals**

As this budget is based on an uplift of the current year budget, adjusted by change factors appendix C sets out the changes in comparison to the MTFP proposed budget for 2008-09. There is planned movement in the General Fund Reserve, Appendix A details the risk based review. The first £1.1M of excess General Fund reserve will move into three specific earmarked reserves, Insurance Fund £200K, Concessionary Fares £400K and a new Unitary Reserve of £500K. Control of the latter delegated to the Chief Executive in conjunction with Head of Finance and Resources.

3.7 Council Tax proposals

The NWDC current Band D Council Tax is £127.88 in 2007-08. The total Council Tax is as follows:

Band D Council Tax	2007-08 £	2008-09 £
North Wiltshire District Council	127.88	129.93
Wiltshire County Council	973.85	1,020.59
Wiltshire & Swindon Fire Authority	55.39	57.74
Wiltshire Police Authority	139.35	145.34
Parishes [Average]	84.33	90.62
	1,380.80	1,444.22

3.8 Consultation

The timetable for the consultation is set out below. A key element is the review by partners and the Overview & Scrutiny Committee, as follows:

- (a) December -January Discussions with partners
- (b) January 2008 - Overview & Scrutiny Committee

The Executive is keen to listen to the debate on the budget proposals for North Wilts District Council. The budget was reviewed by the Overview and Scrutiny Committee on 24th January 2008, no revisions were sought to the budget itself, although there was a request for a more clearer demonstration of the figures, to that end the objective analysis will be presented in the Budget Book as a controllable cost view.

4. Financial Implications

- 4.1 The whole report is concerned with the Finances of the Council.

5. Legal Implications

- 5.1 The Council is required to set its Council Tax before 11 March.

6. Human Resource Implications

- 6.1 The budget contains changes to a number of staff levels, in particular in Customer focused areas. Whilst also assuming certain posts will be removed as per the MTFP. It also assumes that the inflation pay rise for 2008 will not exceed that awarded in 2007.

7. Equalities Implications

- 7.1 Consideration has been given to the implications the budget might have on any particular groups, it is considered that there are no detrimental impacts to any groups as a result of this budget.

8 Risk Analysis

8.1 Risks have been assessed as part of the process.

<p>Appendices:</p>	<p>Appendix A – Review of the General Fund Reserve</p> <p>Appendix B – Section 151 Officer statement of the robustness of the budget</p> <p>Appendix C1 – Budget by Subjective analysis</p> <p>Appendix C2 – Budget by Objective analysis</p> <p>Appendix C3 – Budget highlighted changes</p> <p>Appendix C4 – Budget changes – One off projects</p> <p>Appendix D1 – Budget Capital Outline</p> <p>Appendix D2 – Budget Capital re-alignment</p>
<p>Background Documents Used in the Preparation of this Report:</p>	<ul style="list-style-type: none"> • Budget Book Version 2 2007-08 • Council Wide Revenue and Capital Budgets 2008-9 Identification of major issues and scene setting) Report 20 September 2007 • Council Wide Revenue and Capital Budgets 2008-9 Identification of major issues and scene setting) Report 29 November 2007 • Council Wide Revenue and Capital Budgets 2008- Identification of major issues and scene setting) Report 7 February 2008 • Various background working papers held in Finance Department, including Government Grant notifications

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
<p>Council Wide Revenue and Capital Budgets 2007-10 identification of major issues and scene setting)</p>	<p>Executive – Budget 20 September 2007</p>	<p>E67</p>
	<p>Executive - Budget 29 November 2007</p>	<p>E115</p>
	<p>Executive - Budget 20 December 2007</p>	<p>E140</p>
	<p>Overview & Scrutiny 24 January 2008</p>	<p>O108</p>
	<p>Executive – Budget 31 January 2008</p>	<p>E164</p>
	<p>Executive 7 February 2008</p>	<p>E178</p>

Reserves: Calculation of Optimum Level

1 Background

- 1.1 There are two approaches for deciding the optimum level of Reserves. Either a percentage of expenditure, which at one stage was defined by the Audit Commission at 5% of net expenditure, or an approach based on a risk assessment of the budget.

This paper sets out the framework for a risk assessment approach. The issues the framework considers include the following:

- The Council will need to act as if an ongoing authority.
- Considerable work and effort went into the formation of the 2007/08 budget, on which the 2008/09 budget is based.
- That there are only three material areas of growth as identified in the Corporate Plan, with the exception of correction and re-alignment of budgets as a result of the re-organisation there are no 'officer' driven growth areas
- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Managers have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government. The assistance is usually 85% of any eligible costs over the threshold. Any incident for which assistance is sought must involve conditions, which are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these initial costs will have to be met from reserves.
- The risk of major litigation, both currently and in the future.
- Risk of changes from hypothecated grant to unhypothecated Formula Spending Share.
- The unpredictability of the Formula Grant in the latter two years, which await the Spending Review 2007 announcements.
- The risk of grants being introduced mid-year that require the Council to contribute.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- Potential short term differences between the Council's Insurance Reserve and outstanding liabilities, although these should be remedied in the following fiscal year.
- The need to retain a general contingency to provide for any unforeseen circumstances, which may arise and the need to retain reserves for general day to day cash flow needs.

The Framework

2.1 The basis of the Framework is an area of risk, a budget amount, an assessed level of risk (high, medium, low), a percentage factor, which will vary according to the level of risk, which produces a value. The total of the value column, is the level balances required to cover the identified risk. The following example illustrates the text:

Salaries budget: £13.5m Risk: low Factor: 0.50% Value: £67.5k

2.2 In the 2007/08 Budget the Interim S151 Officer outlined eleven key areas of risk as set out in the following table, with an explanation of what risk was being covered. This has now been updated to reflect the removal, mitigation or reduction of the risk

Table 1: Ten Areas of risk for NWDC

Note The updated comments replace those from the 2007/8, the prior versions were highlighted during the budget process through the Executive reviews

No	Area of risk	Explanation of risk
1	Inflation on expenditure	Inflation has remained controlled for 2007/08 and no call made on the General Fund reserve, the projected underspend in 2007/08 reflects that budget contained adequate inflation. So rolling budgets forward with a moderate inflation factor will be
2	Interest rates on borrowing and investment	NWDC has not pursued additional borrowing, the one loan will remain at a fixed rate over 2008/09. There is sufficient liquidity in the investment strategy to ensure no borrowing will be required other than to provide short term liquidity if required. Therefore there is no Interest Rate risk
3	Grants, RSG, LABGI, PDG, Housing Benefits	There are no reductions in grants expected during 2008/09, other than those already known and planned for in the draft budget. LABGI and PDG are no longer applicable.
4	Infant (estimated) budgets, (Inc or Exp) <ul style="list-style-type: none"> • Job Evaluation • Reorganisation incl redundancies 	There are no infant budgets for 2008/09, any risk areas such as Unitary or Concessionary fares will be adequately covered through specific Earmarked Reserves.
5	Volume changes - Demand led or volatile budgets (I or E) <ul style="list-style-type: none"> • S106 • Land sales • Collection Fund • Land Charges • Planning charges 	The areas that have proved volatile during 2007/08, are settling and their volatility expected to settle prior to the start of 2008/09. Allowance has been made in the draft budget for 2008/09 for movements in Income, both favourable and adverse.

Appendix A

No	Area of risk	Explanation of risk
6	Efficiency gains incl Gershon savings	The efficiencies and savings sought for 2007/08 have in the main been achieved. Certain projects and initiatives will not now be commenced in 2008/09 as a result of their not being conducive to the moving to a single authority. As Invest To Save often requires greater investment in the first year than savings achieved, projects not proceeding actually reduce the cost burden in 2008/09, above the savings anticipated.
7	Insurance, funds and excesses	NWDC suffered an uninsured loss in 2007/08 resulting from service with a previous incarnation of the authority during the 1960's. The insurance fund will be refreshed directly and maintained as an Earmarked Reserve
8	Emergency planning – Bellwin, disaster recovery, snow days	There is always a risk and a level sufficient to meet the Bellwin trigger needs to be maintained
9	Change (I or E) <ul style="list-style-type: none"> • Financial systems • Instalment date • NWLL • Parking charges • White Paper • Lyons report • Local Land Tax 	Whilst change will always occur, the changes underway within NWDC are very tightly controlled and specific budgets allocated. The main change ahead is the transition to Unitary, this will be covered through the creation of a specific Earmarked Reserve
10	Financial guarantees /legal exposure <ul style="list-style-type: none"> • PFI • WCC over NWLL 	These risks are known, mitigated and managed, the cessation of NWLL has had an impact and may have ongoing financial consequences as a result of liquidation proceedings etc, however they are now more quantifiable and being actively managed. The subsequent contract with DC Leisure contains an element of risk for NWDC, however this has been assessed and included in the core budget.
11	Unknown unknowns	There are now few opportunities during 2008/09 for material unknown issues or financial risks to arise.

2.3 Risks can change over time. The three year budget approach last year stated that it would identify these risks and the Reserves requirement for each year would be adjusted. What might be an adequate level of Reserves in Year One, might be excessive or inadequate for Years Two or Three. Reserves would ordinarily be looked at over a three year period, in this budget exercise the horizon has been adjusted to a two year period.

- 2.4 The issue of “unknown, unknowns” was raised at the January 18 2007 Budget & Strategy Working Party. This is a difficult concept - for example, hard to quantify, however a sum of £200k was proposed, to recognise the concept and, review at a later date when there was evidence of performance against the risks. The consequence of this review is that as a result of Unitary, few new initiatives can be commenced, considerable officer resource will be re-directed toward its achievement and therefore there will be little opportunity to commence new and unplanned initiatives during 2008/09. A contingent sum of £100K has been retained.
- 2.5 This approach has be extended to the capital programme, leading to a re-profiling of planned capital expenditure.

3 Outcomes

- 3.1 As a consequence, it is recommended that the minimum prudent level of general fund reserves is £2.4m for 2008-09 on the basis of reduced risk and greater fiscal control. The summary of the calculation is set out below. This is still a very prudent 12% of the net costs, against the central Government recommended minimum of 5%.

Appendix A

Risk calculation for the level of General Fund Reserves

	2006/07	2007/08	2008/09	2008/09	2009/10
	Actual	Forecast	MTFP Estimate	Revised Estimate	Revised Estimate
1 Inflation	348,372	362,306	376,799	200,000	200,000
2 Interest Rates	50,000	50,000	50,000	0	0
3 Grants	574,308	648,432	409,415	200,000	250,000
4 Infant budgets	0	297,500	155,000	0	0
5 Demand led or volatile	165,875	165,875	165,875	150,000	150,000
6 Efficiency Gains incl Gershon	231,211	240,459	250,078	250,000	250,000
7 Insurance	36,563	36,891	49,735	100,000	100,000
8 Emergency Planning	1,038,493	1,039,647	1,040,837	1,100,000	1,100,000
9 Change	111,800	414,500	589,500	200,000	100,000
10 Financial guarantees/legal exposure	12,500	32,500	32,500	100,000	100,000
11 Unknown unknowns		200,000	200,000	100,000	0
Total	2,569,120	3,488,110	3,319,739	2,400,000	2,250,00
Movement	260,555	918,990	(168,372)	(1,088,110)	(150,000)
Balance March 2007 Actual	4,240,000				
Balance March 2008 predicted at Feb 2007		4,990,000			
Excess (projected) 1 Apr 2008	1,634,880	2,590,000			

Statement of the Section 151 officer under the requirements of section 25 of the local government act 2003

Robustness of budget estimates and adequacy of the reserves – as at 26th February , 2008

1 Introduction

This Annex focuses on the two responsibilities under the Local Government Act 2003 for the Council's S151 Officer to report to Members on:

- the robustness of estimates, sections 4-6; and
- the adequacy of reserves, section 7.

This Annex builds on the statements made in setting the 2006-07 budgets. It will be further updated, for the full Council at its budget setting meeting in February 2007.

2 Processes

Budget estimates are exactly that, estimates of spending and income made at a point in time, based on the corporate plan. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget, but gives members reasonable assurances that the budget has been based on the best available information and assumptions.

In order to meet the requirement on the robustness of estimates a number of key processes have, or will be, put into place, including:

- the issuing of clear guidance to Business Areas on preparing budgets;
- peer review by finance staff involved in preparing the standstill [base] budget i.e. the existing budget plus inflation;
- the use of budget monitoring in 2007-08 in order to re-align budgets with current demand, for 2008-09;
- a medium term planning process that highlights priority services;
- a review via Corporate Management Board of proposed savings and their achievability;
- a Member review and challenge of the budget through the Budget & Strategic Planning Working Party and Overview and Scrutiny;
- review of the budget by the Leader, who is the responsible Executive Member for the budget;
- the Chief Financial Officer providing advice throughout the process on robustness, including vacancy factors, increments, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy); and

Notwithstanding these arrangements which are designed to test the budget throughout its various stage of development, considerable reliance is placed on

the Managers having proper arrangements in place to identify issues, project demand data, and consider value for money and efficiency.

A key part of improving these processes is to develop data and information to monitoring service volume and unit costs and tracking changes in both. This will also assist in the Council's Medium Term Planning.

3 Risk Registers

Finance are to undertake and provide a formal Risk Register of the Revenue, and Capital budgets at an appropriate level compared to the risks.

The development and introduction of these Risk Registers is not intended to replace the Council's existing Risk Register, rather that they should inform any revision of the Council Risk Register.

Capital Programme and Revenue Budget Risk Registers – by Business Areas, will be completed and approved by Business Area Management Teams during March 2008 following the final determination of both the Capital Programme and the Revenue Budgets for 2008-09

The Risk Registers are intended to form part of the 2008-09 and onward Budgetary Control framework and used at Budgetary Control meetings with Business Area personnel and reviewed at least quarterly by relevant Management Teams (BAMTs).

4 Robustness of Revenue Estimates

The 2007-08 budget process saw an of improvement to the Council's budget preparation, which has been built upon for 2008-09.

As part of developing this budget, reliance has been made on the medium term plan and the assumptions made within it.

A number of budgets have had to be re-aligned to take into account the revised management structure. There is likely to be further re-basing to ensure they reflect amendments to grant income.

Table 1 below shows the factors taken into account in developing the draft budget.

Table 1: Analysis of Robustness

Budget Assumption	Financial Standing and Management
1. The treatment of demand led pressures	<p>Four major demand factors affect the 2008-09 and later years budgets. They are:</p> <ul style="list-style-type: none"> • Pay and Rewards – a recasting of the basis of pay is in negotiation. The modelling was completed January 2007, with firm financial results expected in early 2008. This settlement has yet to be agreed and as such assumptions continue to be made. The advice is that such exercises add 3-5% to the paybill. Therefore an estimate has to be included. For planning purposes, the mid-range 4% has been used. • NWLL – the arms length Leisure Trust ceased trading in February 2007. The previous assumption was that as a result three centres would close. In reality four were passed onto DC Leisure under an agreement to ensure they would remain open, but with NWDC underwriting all risk. The remaining two centres are now being run by local voluntary organisations with specific grant support from NWDC. The combined cost of these measures is expected to be less in 2008-09 than the running costs were in 2006-07. But due to the risk nature of the arrangement with DC Leisure is likely to cost more than assumed in the medium term plan. • Management re-structure. This exercise commenced in November 2006, whilst not completed, it has delivered the savings assumed. • Other pressures – the level of budget correction is to be finalised. The most significant issue is the announcement in 2007 of the Unitary Proposal for Wiltshire. This has led to a number of initiatives being frozen and could lead to capacity and staff costs fluctuating (due to anticipated use of agency backfills). The late publication of all grants and the delayed settlement of the revised Pay and Grading review, has increased the uncertainty. <p>All Managers have reviewed their base budgets including demand led pressures. Business Areas are expected to put forward management and policy actions to manage the additional demand within the relevant legislation either within the relevant budget or reprioritising within their Business Areas budgets. If this is not possible, and under-spending management action or policy actions in other Business Areas are not sufficient to cover the additional demand, then the minimum level of reserves may have to be used to address the additional expenditure temporarily.</p> <p>Such an eventuality has been considered in future years' budgets and it is assumed that general fund reserves are restored to at least the minimum prudent level in the following year.</p>

Appendix B

<p>2. The treatment of inflation and interest rates.</p>	<p>Pay - 4.00% had been provided in the 2007-08 budget for the pay award for staff, with 2.89% for the following years. The current assumption is that there is no net increase in the paybill due to increments.</p> <p>The 2007-08 employer's pension contributions is at 26.1%. A revaluation was be undertaken in 2007-08, to take effect from April 2008. This has led to a decrease of 2.0% per annum for 2008-09, against the previous assumption of a 1% increase.</p> <p>The current vacancy factor [VF] built into the 2007-08 budget is 3%, which is broadly in line with that 'naturally' achieved. This excludes any areas where teams are so small as to make a vacancy factor impractical.</p> <p>Price inflation has been provided as follows:</p> <table border="1" data-bbox="589 821 1385 1287"> <thead> <tr> <th></th> <th>2008-09</th> <th>2009-10</th> </tr> </thead> <tbody> <tr> <td>Transport</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>Supplies & Services</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>Premises</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>Other Income</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>Government funding</td> <td>4.2%</td> <td>2.5%</td> </tr> <tr> <td>Council Tax</td> <td>3%</td> <td>3%</td> </tr> <tr> <td>Council Tax base increase</td> <td>1.6%</td> <td>Not Known</td> </tr> <tr> <td></td> <td>993 Band D's</td> <td>Not Known</td> </tr> </tbody> </table> <p>Interest rates for 2007-08 were assumed at 5.25% from April 07 and 5.0% from August 07 for temporary investment and 4.15% for any borrowing. These assumptions are valid for 2008-09, ie Interest earned at 5.25% however due to market fluctuations we anticipate being able to improve interest income through the use of set period investments.</p>		2008-09	2009-10	Transport	3%	3%	Supplies & Services	2%	2%	Premises	3%	3%	Other Income	3%	3%	Government funding	4.2%	2.5%	Council Tax	3%	3%	Council Tax base increase	1.6%	Not Known		993 Band D's	Not Known
	2008-09	2009-10																										
Transport	3%	3%																										
Supplies & Services	2%	2%																										
Premises	3%	3%																										
Other Income	3%	3%																										
Government funding	4.2%	2.5%																										
Council Tax	3%	3%																										
Council Tax base increase	1.6%	Not Known																										
	993 Band D's	Not Known																										
<p>3. Estimates of the level and timing of capital receipts.</p>	<p>The budget proposals for 2008-09 assume that an averaged balance of £17.0m will be kept in reserve in order to generate additional interest on the 'debt-financing' budget. This will help to support the Council's revenue expenditure.</p>																											
<p>4 The treatment of income</p>	<p>LABGI – this Government reward, for increasing the Business base at a quicker rate than predicted. Whilst there is none due in 2008-09, the payment in 2007-08 exceeded that expected and therefore the additional funds were allocated to 2008-09.</p> <p>Parking – No change is assumed to these charges, there</p>																											

Appendix B

	<p>remains an outstanding VAT Case nationally which may impact upon the overall net income. NWDC is already taking into account this effect and making advance payments in lieu of formal notice.</p> <p>Other income – an annual uprating, to take account of inflation, is expected to increase other income by 3% overall (see 2 above). Except where known changes will occur.</p>
<p>5. The treatment of efficiency savings/ productivity gains.</p>	<p>All Managers have a responsibility to ensure the efficient delivery of services and when efficiency savings are proposed that those savings are both realistic in terms of the level of savings and timing. Should the level and timing of such savings vary due to unforeseen events and under-spending, management action or policy actions within the relevant Business Area and corporately, are not sufficient to cover the variation, then the minimum level of reserves may have to be used to address the additional expenditure temporarily.</p> <p>Such an eventuality has been considered in current and next years' budgets and it is assumed that general fund reserves will be restored to at least the minimum prudent level in the following year.</p>
<p>6. The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments</p>	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets and general fund reserves restored to at least the minimum prudent level.</p> <p>Grants – the level of Grants and the contractual arrangements that underlie the partnership, should be continually reviewed.</p>
<p>7. The availability of other funds to deal with major contingencies</p>	<p>The minimum level of reserves assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient, the minimum level of reserves may have to be used temporarily and restored to at least their minimum prudent level or the optimal level through future budgets.</p> <p>The major risks facing the Council are far less than previous years and are in the area of Leisure costs and the volatility of the concessionary fares scheme and continual claims for higher payments by operators.</p>
<p>8. The overall financial standing of the authority (level of borrowing, debt outstanding,</p>	<p>The Council is has one major debt. As a result of decisions in the current year, there is one medium term loan for £4M the cost of which is covered by similar medium term investments. Whilst there were plans to increase debt further to fund capital projects, whilst at the same time investing capital receipts to cover the</p>

Appendix B

<p>council tax collection rates etc)</p>	<p>cost of borrowing and provide contribution to the revenue account, these plans will no longer proceed. This is in the main due to fluctuations in interest rates.</p> <p>The assumed (ultimate) Council Tax collection rate for 2008-09 onwards is 98.5%, judged to be achievable. For each 1% not collected, the cost is approximately £0.060m in lost income to the Council in 2007-08. Legislation requires that any Collection Fund deficit be corrected through the Council Tax in the next year.</p>
<p>9. The authority's capacity to manage in-year budget pressures</p>	<p>The authority has improved its ability to manage in-year budget pressures. There still needs to be an Improvement the accuracy of estimates and the monitoring system, in terms of accuracy, the frequency of reporting and the challenge process.</p>
<p>10. The strength of the financial information and reporting arrangements.</p>	<p>It was recognised that the financial information and reporting arrangements needed to be strengthened. The Council intends to improve the usability of the system for non-financial users, and implement a single debtors system. The turnover of senior finance staff has reduced the level of continuity and affected capacity. The new team will seek to restore this and improve the standards in all areas.</p> <p>During 2007-08, investigations were conducted into a new financial information system were pursued with a view to implementation for April 2008. The advent of the Unitary Proposal has stopped this project, there will be a need again for Interim support over year end periods, although a more robust permanent team is being formed.</p> <p>The following tasks will be completed by the end of January, to be incorporated into the Council Tax recommendation:</p> <ul style="list-style-type: none"> • review of 2008-09 assumptions • risk based balances calculation; • inflation – move to an exception basis • Equipment Fund – review
<p>11. The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.</p>	<p>The Council's virement and carry forward rules are clear. The Council is operating management disciplines to ensure management and policy actions are considered in relation to overspending budgets. Generally virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of general fund reserves. The Council operates a policy of clawing back overspends from the relevant Business Areas in the following year.</p>
<p>12. The adequacy of the authority's insurance</p>	<p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. External premiums are also managed by an</p>

<p>arrangements to cover major unforeseen risks.</p>	<p>excess payable by NWDC for claims received. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority.</p> <p>Both those issues produced large increases in risk and thus premiums/costs in recent years that required increases to reserves. Trend analysis indicates that these have now settled and provide confidence that no substantial increases in risks and costs should be seen in near future. But of course, by its very nature, insurance is a service that manages unforeseen risks, and reserve levels must be kept under constant review in this area. The recommended reserves strategy takes this uncertainty into account.</p> <p>The level of the Insurance Reserve has been reviewed for 2008-09 and is judged to be adequate, however as a result of a large settlement relating to a prior incarnation of the council, the fund will require a 'top up' from the General Reserve.</p>
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Taking into account the above and building on the work over the past 3 years, the proposed budget is considered to be adequately robust.

5 Risk

In reports to the Overview & Scrutiny Committee during January 2008, the Corporate Management Board, with the support of their management accountants, have assessed the robustness of their budgets, the achievability of savings, income and reductions. It is expected that the key risks will be:

- Impact of the Unitary decision
- Leisure – DC Leisure risk based contract continuing through 2008-09;
- Pay and rewards, the outcome of which is estimated;
- The Capital Programme, given the level of slippage in 2007-08;
- The continuing volatility of income in the Business Areas;
- Changes in policy or non-implementation of policy changes built into the budget.

6 Capital Budget

Projects included in the capital programme, were prepared by the Business Area project managers, with full adherence to the corporate project appraisal procedures and in line with financial regulations. All projects are signed off by the relevant Manager and Executive member with portfolio. The agreed programme is fully funded.

Projects have been costed at current year prices with many subject to tender process after inclusion in the programme. This may lead to variance in the final cost. In some areas, the design brief may not be finalised, again giving rise to potential price variance.

Business Areas are required to work within the given cash envelope so any under or over provision must be found within these limits.

The risk of the Council being unable to fund variations outside of the programme is minimal mainly due to phasing of projects. If necessary the Council can choose to freeze parts of the programme throughout the year to ensure spend is kept within the agreed budget.

There are two main risks.

- Firstly to the capital programme is the ability of the Council to fully deliver it within the agreed timescales. Slippage relating to 2007-08 is fully funded but this in itself will increase pressure on the Council to deliver the anticipated 2008-09 programme.
- Secondly, that the move to Unitary impacts on the ability to deliver projects as programmed.

Budget Assumption	Financial Standing and Management
1. Estimates of the level and timing of capital receipts.	<p>The Council's policy is to fund its capital programme generated by general fund capital receipts from the future sales of assets. Unbudgeted receipts received during the year are added to the unearmarked general fund capital reserve and taken into account as a funding source for the following financial year, subject to revenue budget considerations.</p> <p>The draft 2008-09 capital programme, which went to Executive and Council in February 2008 for approval, allows for £3.3M of the reserve to be applied to fund the Council's capital expenditure. The budget proposals for 2008-09 are that the balance of Capital Reserves will be preserved in order to generate additional interest on the debt-financing budget. This will help to support the Council's revenue expenditure.</p>

7 Adequacy of the Reserves

General

Under the 2003 Act the Secretary of State has reserve powers to set a minimum level of reserves. The most likely use of this power is where an authority is running down its reserves against the advice of their Chief Financial Officer.

Determining the appropriate levels of reserves is not a precise science or a formula e.g. a percentage of the Council's budget. It is the Council's safety net for unforeseen or other circumstances and must last the lifetime of the Council unless contributions are made from future years revenue budgets. The minimum level of balances cannot be judged merely against the current risks facing the Council as these can and will change over time.

Determining the appropriate levels of reserves is a professional judgement based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions, and the Council's track record in budget management.

A budget strategy should also include a reserves strategy.

The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

Unallocated General Fund Reserves

During the CPA process, the following definition of adequacy was advanced:

Audit Commission's measure of reserves

Either, the aggregate of the following items is expected to be in surplus at 31 March,

- General Fund balance;
- Other earmarked GF revenue reserves; and
- Liabilities not recognised in financial statements [excluding FRS17 unfunded pension liabilities]

and the GF balance is expected to be at least equal to 5%, (Equivalent to £1.115m for 2007-08) [but not exceeding 100%] of forecast net operating expenditure. There are plans agreed by members on how to use these reserves, which link to the Council's strategic aims.

OR

There is a formal financial risk management process operating which the authority uses to:

- Justify a lower level of reserves;
- Determine its minimum level of reserves; and
- To adhere to this level.

The recommendation on the minimum prudent level and optimal level of reserves has been based on the robustness of estimate information (above). In addition, the other strategic, operational and financial risks taken into account when recommending the minimum level of unallocated General Fund reserves include:

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Managers have been requested to be prudent in their assumptions and that those assumptions, particularly about demand led budgets, will hold true in changing circumstances.
- Having reviewed the prior year financial plans which set the minimum at General Reserve at £3.5M which represents a reserve of 15% of net operating costs which exceeds the recommended 5% level. In addition having reviewed performance against budget during 2007-08 the council has demonstrated its ability to manage its finances better than in prior years. The risk and scale of 'unknown unknowns' as the previous Interim S151 Officer was keen to protect against has been reduced and specific earmarked reserves remain, or will be created, to protect against the major variables such as Concessionary Fares.
- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government. The assistance is usually 85% of any eligible costs over the threshold. Any incident for which assistance is sought must involve conditions, which are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these initial costs will have to be met from reserves.
- The risk of major litigation, both currently and in the future.
- The risk of losing subsidy arising from outstanding Housing Benefit and Council Tax Benefit Subsidy claims
- The risk of grants being introduced mid-year that require the Council to contribute.
- Unplanned volume increases in major demand led budgets, particularly in the context of high and accelerating growth.
- Potential short term differences between the Council's Insurance Reserve and outstanding liabilities, although these should be remedied in the following fiscal year.
- The need to retain a general contingency to provide for any unforeseen circumstances, which may arise.
- The need to retain reserves for general day to day cash flow needs.

As a consequence, it is recommended that the minimum prudent level of general fund reserves is £2.4m for 2008-09 and.

The recommendations of the Chief Financial Officer are:

- a) The Council maintains a minimum prudent level of general fund reserves of £2.4m at the end of any financial year from 2007-08. The minimum level is designed to cope with

unforeseen circumstances, which cannot be addressed by management or policy action within the year.

- b) That an optimal level of general fund reserves is £2.4m. The optimal level of reserves is designed to allow the Council to withstand a measure of changes in circumstances during the year or minor variations in projected resources or spending over the period of a Medium Term Strategy;
- c) A prudent approach would accommodate an ability to correct any single significant event over multiple years by creating a longer-term resilience. It also emphasises the need to ensure discipline over the clawback of overspends in future years.
- d) The reserves are currently in excess of the General Fund unallocated reserves target.
- e) Based on that approach, a reserves figure of £2.4 is recommended.

Appendix C1

Subjective Summary By Expense Grouping

Current Year	Budget 2007-08	Detail	From V2 Budget Book		On Going	Proposed Budget 2008-09
	£		2008-09 £	2009-10 £		
		Expenditure				
	13,541,114	Employees Direct	13,973,972	14,378,766	(465,000)	13,508,972
	566,146	Employees Indirect	510,156	510,156		510,156
	1,283,819	Premises	1,283,819	1,283,819		1,283,819
	1,405,323	Transport	1,408,533	1,409,343		1,408,533
	5,542,838	Supplies & Services	5,519,188	5,484,508	102,000	5,621,188
	2,518,715	Third Party	2,488,365	2,471,045		2,488,365
	21,150,000	Transfer Payments	21,150,000	21,150,000		21,150,000
	0	Corp Finance Expenses	0	0		0
	46,007,955	sub - controllable exp	46,334,033	46,687,638	(363,000)	45,971,033
	1,386,642	Capital Financing	1,386,642	1,386,642		1,386,642
		Recharges:				
	1,993,504	<i>Corporate & Admin Services</i>	1,993,504	1,993,504		1,993,504
	238,003	<i>Direct Staff & Other Costs</i>	238,003	238,003		238,003
	706,186	<i>Finance Recharges</i>	706,186	706,186		706,186
	628,311	<i>HR & Payroll Recharges</i>	628,311	628,311		628,311
	1,897,440	<i>ICT Recharges</i>	1,897,440	1,897,440		1,897,440
	392,565	<i>Legal Recharges</i>	392,565	392,565		392,565
	1,808,035	<i>Office accommodation</i>	1,808,035	1,808,035		1,808,035
	1,315,927	<i>Property Services Recharge</i>	1,315,927	1,315,927		1,315,927
	1,183,607	<i>Strategic Manager</i>	1,183,607	1,183,607		1,183,607
	153,560	<i>Support Staff & Other Costs</i>	153,560	153,560		153,560
	37,117	<i>Equipment Fund repayments</i>	37,117	37,117		37,117
	11,740,897	sub - Non-controllable exp	11,740,897	11,740,897	0	11,740,897
	57,748,852	Gross Expenditure	58,074,930	58,428,535	(363,000)	57,711,930
		Income				
	(21,796,030)	Government Grants	(21,780,330)	(21,779,730)	58,000	(21,722,330)
	(6,938,350)	Customer/Client Receipts	(7,010,350)	(7,060,350)	41,000	(6,969,350)
	0	Transfers between Accounts	0	0		0
	0	Finance Related Income	0	0		0
	0	Other income	0	0		0
	(28,734,380)	sub	(28,790,680)	(28,840,080)	99,000	(28,691,680)
	(11,001,731)	Recharges (Internal)	(11,001,731)	(11,001,731)	0	(11,001,731)
	(11,001,731)	sub	(11,001,731)	(11,001,731)	0	(11,001,731)
	(39,736,111)	Gross Income	(39,792,411)	(39,841,811)	99,000	(39,693,411)
	18,012,741	Net Cost of Services	18,282,519	18,586,724	(264,000)	18,018,519

(see Appendix C2 Objective Summary)

Appendix C2

Current Year Budget 2007-08 £	Objective Summary by Business Area	From V2 Budget Book			Proposed Budget 2008-09 £
		2008-09 £	2009-10 £	changes £	
	Total cost of services				
1,071,597	Chief Executive	1,273,584	1,480,442	(700,000)	573,584
3,355,018	Community Engagement	3,354,226	3,348,972		3,354,226
1,753,610	Customer Relations	1,748,353	1,789,891	206,000	1,954,353
2,758,244	Development Services	2,766,915	2,802,853	28,000	2,794,915
6,296,611	Environmental Services	6,515,795	6,454,421	227,000	6,742,795
(68)	Finance & Resources	(39,471)	(22,271)		(39,471)
1,749,824	Governance	1,770,567	1,792,654		1,770,567
63,291	HR	40,877	47,894		40,877
1	ICT	(78,485)	(224,053)	(25,000)	(103,485)
674,125	Policy & Performance	667,329	850,679		667,329
290,488	PR	262,829	265,241		262,829
18,012,741	Net Cost of Services (see Ap	18,282,519	18,586,724	(264,000)	18,018,519
4,241,000	Parish Precepts	4,453,000	4,676,000	185,698	4,638,698
	Other Operating Income & Costs				
	Non-Recurring One Off Projects (see Appendix C4)			1,191,000	1,191,000
(1,566,832)	Asset Management Revenue /	(1,596,832)	(1,628,832)		(1,596,832)
(1,573,173)	Interest & Investment Income	(1,593,173)	(1,466,173)	(150,000)	(1,743,173)
179,203	Finance Related Expenses	247,203	247,203		247,203
	Appropriation Accounts				
65,000	Equalisation Fund	65,000	65,000		65,000
(65,000)	Commutation Adjustment	(10,000)	0		(10,000)
500,000	Equipment Fund	500,000	500,000	(400,000)	100,000
19,792,939		20,347,717	20,979,921	562,698	20,910,415
	Financed by :				
(1,149,000)	Revenue Support Grant	(1,177,725)	(1,207,168)	182,905	(994,820)
(310,000)	LABGI	(370,269)	(119,251)	0	(370,269)
(3,120)	Housing Advances/Mortgages	(3,120)	(3,120)	0	(3,120)
(6,843,000)	Non Domestic Rates (NNDR) I	(7,014,275)	(7,189,832)	(132,006)	(7,146,281)
(6,404,000)	Council Tax	(6,688,000)	(6,984,000)	37,143	(6,650,857)
(4,241,000)	Town / Parish Precepts	(4,453,000)	(4,676,000)	(185,698)	(4,638,698)
(611,818)	General Reserves	(611,818)	(611,818)	(185,551)	(797,370)
(231,000)	Collection Fund Surplus/ Defic	0	0	(309,000)	(309,000)
(19,792,938)		(20,318,207)	(20,791,189)	(592,207)	(20,910,415)
0	(Surplus) / Deficit	29,509	188,732	(29,509)	0

Budgetary Changes (over and above the MTFP 2008-09 budget set alongside the 2007-08 budget)

The changes are as follows;

- Grant (RSG & NNDR). 1% indicative spend announced, but this was based on a figure higher than that reported by NWDC. As a result the budgeted spend is reporting a movement of 1.9% to 8192k. This is £51k lower income than planned.
- Rates; increased number of houses, but a lower % increase in council tax than assumed (to 1.6%) is resulting in £39k lower council tax income than planned.
- £500k salary underspend due to vacancies, and pay increase being lower than anticipated in 07/8
- £100k of training is budgeted as a one off for 2008/9 to ensure that staff are prepared for the move to unitary.
- C&A spending to improve performance will involve both consultancy costs, and an increase in employment costs through a restructure of the existing team. Total £150k.
- Development Control; ODPM has announced a 25% increase in DC fees for 2008/9. This increases income by £200k.
- Building Control. Budgeted income increased by £50k. The 2007/8 budget was reduced by £50k, but the current performance indicates that this is un-necessary.
- Due to unitary, the ICT team has reduced the scope of its business transformation programme. This will reduce the project staffing costs by £25k.
- Public Conveniences: anticipated savings of £150k in 2007/8 are not likely to be realised as they are to remain open.
- £150k additional Interest from better rates being available on the market, and improved management of investments is forecast.
- Revenue grants for Leisure Centre costs are required to KLIC/CLAG (£70k) and to DC Leisure (£200k). Total £270k
- Local Land Charges Income is forecast to fall by £255k due to the increased competition from private providers following the move to HIPS this summer.
- The Customer Relation team has been expanded in 2007/8, at a cost of £110k in 2008/9, as approved by the Executive. This was one of the three areas identified for improvement.
- Flood Protection in areas that have suffered in recent storms. £60k cost.
- Parking Initiative – to be discussed with town councils and chambers of commerce. Initial estimate of the cost of this is c. £96k.
- Overview & Scrutiny recycling initiative. Currently anticipated at £70k
- £35k Increase in commercial & industrial rents
- Recycling grants are now part of the RSG grant – loss of £58k income.
- Increase in Area Community Revenue Grant £20k. This increases to allow £12k per area.
- Increase in Sports Grants £30k
- Sports Clubs discretionary relief from NNDR £16k
- Additional dog kennel costs £2k
- £400k of capital budget has moved to revenue budget. This is counteracted by £400k reduction in equipment fund funding on the revenue budget.
- Pension costs are forecast to reduce by £200k
- Corsham Rail Link £50k. This is a new proposal.

- Transfer of Capital Grants to revenue – as detailed in appendix D1

Community Grant / Executive Grant Clarification <i>(Capital & Revenue Budgets)</i>	£k	£k	£k
	<i>Existing Budget for 2008/09</i>	<i>Additions proposed</i>	Revised Total
<i>Increase to Planned Area Committee Grants</i>			
<i>Capital</i>	100	100	200
<i>Revenue</i>	40	20	60
<i>Total</i>	140	120	260
<i>Increase to Planned Executive Community Funding</i>	50	150	200
<i>Corsham Rail Link</i>		50	50
	190	320	510

Non-Recurring One Off Projects	One Offs
	£
C&A Improvement (One off element)	75,000
Training	100,000
DC Leisure additional costs	200,000
Area Committee Revenue Grants increase	20,000
Sports Grants	30,000
Revenue Grants to KLIC and CLAG	70,000
Flood Protection	60,000
Grants for CCTV	50,000
Increase to planned Exec Community Grants	150,000
Increase to planned Area Committee Capital Grant	100,000
Original planned Exec Community Grants	50,000
Original planned Area Committee Capital Grant	100,000
Corsham Rail Link	50,000
'Post Office' Grants	50,000
O&S Recycling initiative	70,000
NNDR discretionary relief for sports clubs	16,000
TOTAL	<u>1,191,000</u>

CAPITAL PROGRAMME BUDGET

Introduction

The Capital Programme has been reviewed with some projects and funding streams amended or deleted (eg replacement Finance System). The re-alignment proposed releases £480K for commitment to alternate projects, (Appendix D2 reflects the detail). There remains a non-committed usable Capital Reserve in excess of £10M.

In addition to the proposals for 2008/09, there is a re-alignment of funding, several of the grants below that ordinarily would be funded from Capital would be more appropriately funded through Revenue. Similarly the Equipment fund used to purchase such assets as Refuse Freighters would be better funded through Capital but is currently funded through a revenue contribution. Therefore there will be a contra funding re-alignment with no gain or loss to either Capital or Reserve funds.

Proposals for 2008/09

Member proposals have been received in respect of the following outline projects, the values are budget values, precise costs would be derived and presented formally when seeking specific approval to proceed where there is a capital project to be undertaken by officers of NWDC. Where the project is by its nature a grant to a third party organisation. The value and approval will be given at the time the budget is formally set in February 2008.

Appendix D1

No	Proposal	Cost £K
1	Leisure Capital Grants (KLIC & CLAG)	70
2	Chippenham Bus Station toilets	100
3	Increase to Affordable Housing Fund (Increase above the £1M planned for 2008/09)	400
4	Grants for CCTV	50
5	C&A Streetscene	40
6	Increase Disabled Facilities Grants	100
7	Increase to planned Area Committee Grants	100
8	Increase to planned Executive Community Funding	150
9	Carbon Trust Grant – DC Leisure	120
10	Carbon Trust – KLIC & CLAG	60
11	Energy Saving Grants	500
12	'Post Office' Grants	50
13	Corsham Rail Link	50
	TOTAL	1,790
	FUNDING	1,790
	Capital items now moved to the Revenue Budget:	
4	Grants for CCTV	(50)
7	Increase to planned Area Committee Grants	(100)
8	Increase to planned Executive Community Funding	(150)
13	Corsham Rail Link	(50)
12	'Post Office' Grants	(50)
	Transfer of Original Area Committee Grant	(100)
	Transfer of Original Executive Community Funding	(50)
	Refuse Freighters	440
	REVISED CAPITAL FUNDING REQUIREMENT:	1,680
	Funded By	
	Re-alignment of Capital Budgets	480
	Capital Reserve	1,200
		1,680

It must be noted that at this time the proposals are indicative and have not all been formally costed, therefore these values are for 'budgeting' purposes only, nor do they at this time reflect a firm commitment to proceed with any grants.

Conclusion

This appendix sets out that the proposals from members are affordable from the re-aligned capital programme and from the surplus general fund resources, without erosion of the uncommitted capital reserve. However at the request of Wiltshire County Council, where practicable it is our intention to use Capital Funds rather than reduce General Fund Reserves.

CAPITAL FUNDING SUMMARY

CAPITAL PROGRAMME 2008-2009	Budget 2007-08	Balance of Schemes C/fwd to 2008- 09	Planned Schemes 2008- 09 (from MTFP)	Increased & New Schemes 2008-09	Projected Budget Requirement 2008-09	Capital Funding	
	£m					£m	£m
Housing & Planning	4.0	1.6	1.9	0.5	4.0	Usable Capital Reserves 01.04.07	22.0
Culture	2.3	1.4	0.2	0.2	1.8	Projected Spend 2007-08	(4.5)
Economic Development	0.3	0.3	0.0	1.5	1.8	Projected Budget 2008-09	(12.0)
Streetscene	1.6	0.9	0.2	0.2	1.3		5.5
Community Development	1.4	1.1	0.3	0.5	1.9	Projected Receipts 2007-08	1.0
Corporate	1.1	0.5	0.3	0.0	0.8	Projected Receipts 2008-09	2.0
Equipment	0.0	0.0	0.0	0.4	0.4		
Total Capital Programme	10.7	5.8	2.9	3.3	12.0	Projected Usable Capital Reserves 31.03.09	8.5

DETAILED BUDGET PROGRAMME 2008-09

CAPITAL PROGRAMME 2008-2009	Budget 2007-08	Balance of Schemes C/fwd to 2008-09 £000's	Planned Schemes 2008-09 (from MTFP) £000's	Increased & New Schemes 2008-09 £000's	Projected Budget Requirement 2008-09 £000's
Housing & Planning					
Affordable Housing	1,653	965	1,000	400	2,365
Housing Renewal Grants	1,692	0	900	100	1,000
Other Schemes	645	615			615
Culture					
NW Art Centre 3yr Project	651	0			0
Play Areas	100	42			42
Lower Beversbrook Playing Field	75	0			0
Leisure Centres (Inc Enhancements)	1,505	1,290	180		1,470
Carbon Trust Grant - DC Leisure		0		120	120
Leisure Grant KLIC & CLAG		0		70	70
Carbon Trust KLIC & CLAG		0		60	60
Hallfields Open Space	37	37			37
Economic Development					
Bath Road Development Brief	79	25			25
Calne Phase 3	108	81		1,500	1,581
ICT Improving the Customer Experience	120	120			120
ICT CRM & BPR Workflow Software	30	30	30		60
Streetscene					
Bus Station Refurbishment	13	0			0
Bus Station Toilets (Chippenham)	0	0		100	100
Streetworks	143	103	50	40	193
Borough Parade Car Park	229	0			0
Malmesbury Station Yard Car Park	254	238			238
Depot Refurbishments	220	200			200
Malmesbury Town Hall	77	0			0
Other Transportation Initiatives	623	353	150		503
Community Development					
Area Community Grants	417	235	0		235
Asset Management Hardware	40	32			32
Environmental Grants	0	0			0
Executive P'Ship Grants	0	0	0		0
Energy Saving Grants	147	146		500	646
Local Strategic Partnership	76	76			76
Rudloe Community Centre Enhancements Etc	75	75			75
	643	576	225		801
Corporate					
Carbon Trust		0	150		150
Finance System	250	0			0
ICT Schemes	777	516	192		708
Equipment					
Refuse Freighters		0		440	440
Total Capital Programme	10,679	5,755	2,877	3,330	11,962