

**IMPLEMENTATION EXECUTIVE
11 FEBRUARY 2009**

**BUDGET 2009/10: REPORT BY THE BUDGET WORKING GROUP TO THE
IMPLEMENTATION EXECUTIVE**

Executive Summary

This report lists and explains the recommendations of the Budget Working Group to the Implementation Executive, for the Wiltshire Council's 2009/10 Budget. It is intended that the Implementation Executive will then be able to make recommendations to the County Council on 24 February 2009.

Proposal

That the Implementation Executive Budget Working Group makes the recommendations to the County Council which are listed in the final section of this report.

Reason for Proposal

The proposal enables the Budget Working Group to fulfil its terms of reference as approved by the Implementation Executive, to oversee the preparation of the budget and to advise the IE. The recommendations to the Implementation Executive enable the council to set its budget for 2009 /10 within the legal parameters.

Author: Dr Keith Robinson, Chief Executive, Wiltshire County Council

Contact Details: Telephone No: 01225 713101

BUDGET 2009/10: REPORT BY THE BUDGET WORKING PARTY TO THE IMPLEMENTATION EXECUTIVE

Purpose of Report

The purpose of the report is set out the recommendations of the Budget Working Group to the Implementation Executive, in relation to the Wiltshire Council's 2009/10 Budget.

This report should be read alongside the following other reports:

- Budget Book 2009/10;
- Consultation on the 'One Council' Budget for 2009/10;
- Performance information on the Budget Book;
- Transition costs and savings;
- Robustness of estimates and adequacy of reserves.

Amended Appendix to Treasury Management Strategy, report to Implementation Executive on 11 February (Agenda Item 6) weblink:

<http://194.72.162.210/documents/dscgi/ds.py/View/Collection-1614>

Budget 2009-10, Performance Information for the Budget Book, Transition Costs and Savings reports to the Implementation Executive on 28 January 2009 (Agenda Item 6); and Robustness of Estimates and Adequacy of Reserves report to Implementation Executive on 28 January 2009 (Agenda Item 7) -

weblink: <http://194.72.162.210/documents/dscgi/ds.py/View/Collection-1607>

Introduction

The Implementation Executive (IE) has the responsibility for developing a revenue and capital budget for 2009/10, the first year of the new unitary Wiltshire Council. To support this process, on 9 July 2008 the IE established a Budget Working Group (BWG) to oversee the budget preparation and to advise the IE on budget matters. The proposed role of the BWG as endorsed by the IE included:

- a) To ensure the successful delivery of the revenue and capital budget process, proposals and options to the IE for 2009/10 in accordance with the agreed timetable.
- b) To consider the new Council's priorities and their implications for resources.
- c) To consider the overall resource available to the new Council in 2009/10, including one-off and recurrent capital and revenue resources.
- d) To consider and make recommendations where existing services are achieving high Value for Money, where less so, and the implications for budgets in 2009/10.

- e) To consider the Value for Money of services where there are significant variations in cost and/or performance between the current four District Services and to make recommendations on future service delivery.
- f) To consider and make recommendations on opportunities which may exist to invest in service development and redesign in order to reduce costs and increase effectiveness (e.g. by prevention and early intervention).
- g) To develop recommendations to be considered by the IE in relation to budget resources, priorities and proposals for the revenue and capital budgets of the new Council.

The IE requested nominations from the five councils for membership of the BWG. Nominated Members were Lionel Grundy KDC, Dick Tonge NWDC, Steven Fear SDC, Tony Phillips WWDC, Jane Scott WCC and John Thomson WCC. The first meeting of the BWG took place on 14 July and it has met frequently since then.

The Working Group has undertaken a challenging task, as the Budget planning process for 2009/10 has some relatively exceptional features, notably:

- Collation and analysis of data from the five Wiltshire Councils;
- The need to take into account commitments affected by decisions of the five Councils throughout the past year – this is and has been, a fast moving picture;
- The transition to the new Council with new goals;
- Balancing priorities across wider range of services than those provided by the previous District Councils or the County Council;
- The impact of the economic down turn, including lower interest rates, lower income from chargeable services, and falling property values, as well as increased demand for some services
- Significant budget constraints and pressures within a very low increase in Government grant.

The following principles have underpinned the Budget planning process:

- The budget has been planned on the basis that the year ahead is essentially a transitional year and that consequently there should be no major shifts in expenditure, no major changes in policy and no major reductions in service. This principle enables the new Council to consider these on a strategic basis without pre-emptive policy changes;
- The Budget proposals involve consolidation of budgets, services and commitments, from the five previous Councils;
- Greater efficiency in order to minimise cost to taxpayer and maximise benefit to service user, and to make the savings promised in the submission for One Council.

Structure of this report

This report is organised under the following headings:

- Background
- Aims of the new Council
- Income
- Expenditure
- Efficiency
- Recommendations by the Working Group to the Implementation Executive

It is intended within the structure of the report to provide clear answers to these three key questions:

- Why is the budget difficult this year, and what has been the effect of the move to One Council?
- What will the public see by way of services and performance next year?
- Have we made the efficiencies and savings which were promised?

Background

In 2009/10 the general grant to Wiltshire Council will be £100.8m. This is an increase of 1.68% on the general grants received by the five predecessor Councils in 2008/09. The grant is exactly the same as it would have been if those five Councils were still in existence.

1.68% is the lowest increase for any Unitary Council.

Other new unitary Councils have had higher increases, including Cornwall (4.82%) and Shropshire (3.74%). All other South West Counties have also received bigger increases. The average for County areas is 3.34%.

This is not an exceptional year. In the previous year, 2008/09, the general grant to Wiltshire Councils increased by 2.24% whereas the average (County and Districts) was 4.43%.

If Wiltshire had received the average over these two years, its grant in 2009/10 would be £3.63m higher; this is equivalent to 1.7% off the Council Tax next year. (1% increase in Council Tax in Wiltshire is equivalent to approximately £2.1m.)

The low increase in grant is from a low base. Wiltshire's grant per head in 2009/10 is £218: this is 49th out of 56 unitary Councils. (The highest, excluding Isles of Scilly, is Leicester at £623.)

Council Tax is also lower in Wiltshire than in many other areas: in 2008/9 the Band D rate was £1,021, which was 22nd out of 34 County Councils.

Council tax capping is expected to be enforced by the Government in line with previous years. The current Governmental parameters are that Councils' annual budget requirements are excessive if they increase their budget by 5% or more year on year, and increase their element of the council tax by more than 5% in the same period. Councils must exceed both principles to be designated for capping.

The credit crunch and the economic downturn are having a real impact upon local authorities. A national survey by the LGA, IDeA and SOLACE found that a majority of councils are facing increased demands for services – particularly benefits advice, housing and social services. Capital programmes have been adversely affected by falling property values and receipts. Falling interest rates on balances have reduced the Council's operating income by over £2m in 2009. Recent inflation has reduced the value of the funding that councils receive from central government and council tax in real terms. Fuel inflation has been particularly volatile and unpredictable. It is difficult to predict how inflation will move key costs for the Council during the next financial year.

The Council has commissioned George Bright, former Principal of Wiltshire College and Chairman of West Wilts Economic Partnership, to undertake a study of the likely impact of the economic downturn on Wiltshire's economy and the measures which the Council and others could take in response. This study will be available to the Implementation Executive in March/April 2009.

So, in summary, Budget planning for 2009/10 has necessarily had to take into account a low increase in grant from the Government, rising costs, rising demand and pressure for substantial efficiencies especially through the transition to the new Council and subsequent service change as envisaged in the LGR submission.

The tables below summarise the movement from the five Councils' budgets in 2008/9 to the budget recommended for 2009/10, including the effects of price changes and demand for services and reductions in expenditure through greater efficiency and other measures.

Summary Table 1: Income Analysis

	£m	
RSG/NNDR	101	1.68%
Area Based Grant	19	5.49%
Council Tax	<u>212</u>	4.28% ¹
2009/10 net budget requirement	332	
Use of Reserves	<u>4</u>	
Net expenditure on services	<u>336</u>	
Specific grants	420	2.81%
Fees and charges	55	0.18%
Other income	<u>26</u>	3.30%
Gross Budget Requirement	<u>837</u>	

¹ 3.5% average increase in Tax rate, 0.78% changes in base and Collection Fund.

Summary Table 2: Changes in net expenditure

	£m
Net Financial Plan (based on 5 Councils 2008/09)	326
Inflation	16
Demand, other cost pressures and growth	<u>12</u>
	354
Efficiencies	-12
Other cost reductions	<u>-6</u>
Planned spending on services	336
Use of Reserves	<u>-4</u>
Net Budget Requirement	<u>332</u>

The gross budget is set to increase from £814.3m to £836.8m, an increase of £22.5m or 2.8%. Net expenditure will increase from £326.4m to £336.3m, an increase of 3%. £4.4m of the increase relates to increased costs of capital financing, meaning that net recurrent expenditure on services will increase by only £5.4m (1.7%).

The diagrams at Appendix 1 provide a simple summary, for revenue and capital expenditure, of the main elements of income and expenditure.

Aims of the New Council

The aim of the new Council is to 'Create stronger and more resilient Communities'. Its goals are to:

- Deliver high quality, low cost, customer focused services;
- Ensure local, open, honest decision making; and
- Work together to support Wiltshire's communities.

The Area Boards will get underway in July 2009, with budgets totalling £1m in a full year. They will influence how services are provided locally, and how Council resources are deployed best with other public services including Police and Health.

The five Councils and the other public bodies in Wiltshire have signed a Local Area Agreement which is based upon the ambitions listed below. The Agreement was prepared with representatives of the voluntary and business sectors, and commits all those organisations to work together to achieve improvements for people and places in Wiltshire:

1. Build 'resilient communities' with high social capital through people feeling socially included, enabling people and communities to build skills, abilities, knowledge and confidence to take effective action and play leading roles in the development of their communities and so enhance their quality of life;
2. Improve affordable housing;
3. 'Lives not services' - support more people to have independent and fulfilling lives as part of their local community; support families to provide the strong foundations for children and young people's development; enable

- individuals to make informed choices to improve their long term health and well being;
4. A positive and sustainable environment for economic growth in Wiltshire;
 5. Reduce specific crimes, change behaviour and inform the public to bring about communities that are safe and feel safe;
 6. Tackle climate change and promote a high quality, natural environment that enriches the lives of people; and
 7. Work together to achieve these ambitions, with new governance arrangements for the 'family of partnerships' and the establishment of area boards.

Further information and the full Agreement is available via this web link:

[local-area-agreement](#)

The public's priorities

A report provided to the Implementation Executive on 20 January described the results of recent surveys of the public's attitudes towards Council services in Wiltshire.

In the Place Survey respondents said that the following services need improvement in their local area:

- Road & pavement repairs (51.8% of respondents choosing this);
- Activities for teenagers (46.9% of respondents);
- The level of traffic congestion (39.9% of respondents).

In the People's Voice Survey people wanted to spend more on the following services:

- Maintenance of existing roads (72.0% saying spend more);
- Adult social care services for older people (48.4% saying spend more);
- Community safety & reduction in anti-social behaviour (44.4% saying spend more).

Over 600 voting cards were returned at budget consultation evenings and other events. The priorities were:

- Schools & other services for children;
- Social Services;
- Community safety.

External Inspection

The Working Group has notes the assessment of the five Councils' performance in the latest inspections. In the Audit Commission's assessment of Use of Resources, the latest overall scores for the Wiltshire Councils are level 3 or (in N Wilts) level 2, so the new Council is generally well placed to manage resources effectively.

The Audit Commission have provided their draft report on the “Direction of Travel” of the four Wiltshire District Councils. The report identifies positive contributions to the Local Area Agreement, and highlights challenges in relation to private sector housing and development control. The County Council has been subject to a fuller assessment: the outcome is generally very positive but it will not be published by the Audit Commission until early March.

The Joint Area Review (JAR) in 2008 judged children and young people's services to be adequate overall and highlighted areas that are particularly strong. It noted that expenditure on those services in Wiltshire is low, overall. Adult social care services in 2008 were rated overall as adequate with “promising” capacity to improve.

Income

The Government has stressed the scope to maximise income from fees and charges but that is not necessarily appropriate in the present economic circumstances. We recommend increases generally of between 3% and 5% (details are in item III in the Budget Book), with one exception.

We recommend that parking charges should be frozen in 2009. We believe that this will be widely welcomed by businesses and residents in the County during the current economic difficulties. The new Council will be able to review policies across the County during 2009.

Increases of 3%-5% in fees and charges will not produce equivalent increases in income, as a result of market conditions (e.g. falling numbers of planning applications). Total income is forecast to increase by less than 1%.

Specific grants to Wiltshire Council in 2009/10 are forecast to total approximately £420m. The largest grants are the Dedicated Schools Grant of £244m and grants of £96m to cover benefits paid by the Council. The DSG is tightly governed by regulations by the Department for Children, Schools and Families (DCSF) and is allocated largely to schools according to the Council's Local Management of Schools (LMS) formula. Any local decisions regarding the DSG will be covered by recommendations from the Schools Forum.

Many former specific grants were consolidated by the government into the single Area Based Grant (ABG). The ABG in 2009/10 totals £19.3m. It supports expenditure by the Council and by some other public bodies. For the purposes of setting the budget it has been treated as part of the overall budget. Much of the activity funded by ABG is continuing and we are recommending no significant shifts in the ABG.

The government had earlier proposed that the grant for Supporting People – a programme which supports various aspects of social housing and related services – would be added to the ABG, but at a late stage the government decided to keep it separate for a further year. The grant in 2009/10 is

£8.175m, compared with £8.175m in the current year, so as in previous years the funding of the programme is being squeezed.

The main income stream which is controlled by the Council itself (subject to capping rules) is of course the Council Tax. We recommend an average increase of 3.5% in the Wiltshire Council's element of the Council Tax. Indications at the time of writing are that this increase will fall in the middle of those for Counties – none of which has an increase in grant as low as Wiltshire's 1.7%.

The balance between tax and services is probably the key judgement which every Council must make every year. We recognise the particular importance in the present circumstances of keeping the Council Tax as low as possible. Yet these same circumstances are also increasing the demand on many services, while reducing other income. In these circumstances we judge that an increase of 3.5% will enable the Council to maintain essential services and move towards the goals which it has set.

This is possible only because of the measures which are being taken this year to improve efficiency, through the move to one Council and other means. As the later section shows, these measures total approximately £10.8m, which represents 5.1 % on the Council Tax.

In addition to the sources of income described above, the move to one Council enables the Council to review its level of general reserves. The budget proposed here draws £4.1m from the total balances inherited from the five Councils.

Funding from general reserves is by definition non-recurrent and so it is important that as much as possible of the expenditure funded from this source is also non-recurrent. Suitable items of expenditure have been identified for this purpose.

The recommendation of the Chief Financial Officer regarding the minimum level of general reserves after consideration of the risks associated with the proposed budget, is that the budgeted General Fund reserve should be in the region of £15 million.

One final source of income should be mentioned here, although it is not part of the overall recommendations.

Wiltshire has been very successful in achieving many of the targets in its second Local Public Service Agreement (LPSA), which ended in 2008. The five Councils worked with other public bodies and with the business and voluntary sectors to achieve those targets. This success will generate "Performance Reward Grant" (PRG) from the government in 2009/10 and 2010/11, totalling approximately £5m. The Implementation Executive will consider recommendations to the County Council about the use of this additional grant following a meeting of the Wiltshire Assembly on 26 March.

Expenditure

Pressure on expenditure on services arises from increases in volume and demand and from increases in cost. Item V in the Budget Booklet describes the principal effects, including the following ²

- An additional 28 older people, 24 adults with learning disabilities, and 13 needing mental health services;
 - These numbers are additional to those above the budgeted numbers in the current year – 18 people with physical impairments and 32 needing mental health services; ³
 - Numbers of looked after children in 2009/10 are assumed to be consistent with current levels, approximately 330. During 2008/09 numbers reached a peak of 355 in July but have been on a downward trend since that time with the current number at 332. Unit costs for residential care and in-house foster care have been lower than budgeted for during 2008/09 reflecting the success of commissioning initiatives during the year and an increase in in-house foster care capacity;
 - Some Districts have struggled to meet the costs of the government's concessionary fares scheme and the demand for this service may increase.
- Costs
- Energy costs are estimated to increase by between 15% and 77% depending upon the individual contract (the highest relates to street lighting);
 - Costs of landfill tax (and diversion from landfill) will increase by 25%;
 - Costs of transport contracts will increase by 5% - 7%
 - Highways costs will increase by 5%.

Appendix E to Item V in the Budget Book shows the year-on-year changes in gross and net expenditure on services, and Appendix F lists the factors underlying those changes. Most concern savings through greater efficiency, totalling £10.79m – see below. Table B lists other reductions, and the Working Group recommends some changes from the list shown there:

- The saving shown against 'supplementary bus concessions' is not now required;
- The proposal to charge for internet access in libraries is, we understand, under active consideration elsewhere but we do not recommend it in Wiltshire – particularly in view of the current economic circumstances. Having considered the scope for increased income by advertising and sponsorship, and the experience in some other Councils, we conclude that

² The Budget Book this year does not include a lengthy list of service standards. It has not been possible in the time available to consolidate data from the Districts and present in a consistent form. Most County standards are not forecast to change, with the exceptions listed here.

³ The JSNA showed that Wiltshire is already above average in service use and dependency.

- the target there can be increased from £200 000 to £300 000, removing the case for charging for internet access;
- The procedure for withdrawing from the LGA (and CCN) is currently under examination; we believe this would be preferable to the equivalent impact of direct reductions to services in Wiltshire.

The recommended budget also includes provision for

- Restructuring the Department for Children & Education;
- The costs of developing the PFI bids for extra care housing and for housing in West Wiltshire. The outcome of the former will not be known for several weeks and the latter is entering a crucial phase;
- Joint working with Swindon BC on options for waste disposal;
- The costs of unoccupied sites whose disposal is delayed by the current property market;
- Some investment in occupational health services for Council employees (where recent provision in the Districts has been better than in the County, and demand has been rising).

The recommended budget provides for Members' allowances in the new Council to be frozen at the current level of the County Council's allowances. (The budget also provides for allowances to former District Councillors who will be undertaking specific duties after the Councils come to an end on 1 April.) The new Council will be able to undertake a thorough independent review in the light of experience in the new Council.

The Working Group has also considered the further options for reductions which are listed in item V in the budget Book (Appendix G, section D) The Working Group does not recommend that these further reductions should be made. They do indicate, however, the difficulties of reducing the increase in the Council Tax below the recommended increase of 3.5%.

Regarding the Housing Revenue Account: item VIII in the Budget Book explains the particular responsibilities of the Salisbury District Council and the Implementation Executive/County Council. We recommend that the HRA budget and rent levels approved by the District council should be approved also by the Implementation Executive and County Council.

Staffing

Staffing numbers will be lower in the Unitary Council than in its 5 predecessors. Precise comparison is difficult because the situation changes, but the budget recommended for 2009 provides for approximately 300 fewer posts than the previous year. The move to One Council will itself enable posts to be removed; so will the introduction of the new Business

Management Programme. 'Lean' reviews in adult care services also enable the Council to provide a better service and to reduce posts.

A significant part of the savings in staffing costs arises from the reduction in posts in senior management through the move to one Council. The saving at Director level since 2007 is estimated (including on-costs) to be approximately £3¼m. Savings of the order of £1¼m are being made in Communications.

The reduction in posts is being managed largely through holding posts vacant or making temporary appointments. Nevertheless there will be some severance payments and the budget includes provision for the estimated costs of these.

The Group has considered what provision should be made for the Pay settlement for Council employees in 2009. The settlement will be determined through national negotiations. In the light of current RPI trends, we recommend that the current provision of 2% should be reduced to 1½%, and the balance transferred to reserves to recognise other uncertainties.

Capital expenditure

Item VI in the Budget Book explains the structure of the capital programme in 2009/10 and later years, and the severe constraints imposed by the fact that the new Council like the County Council will continue to be a 'floor' authority, so that its new capital expenditure receives no support through the general grant.

The programme recommended in the Budget Book includes £58.57m in 2009/10 (£126.784m over the 3 years to 2011/12) which is funded by specific grant and other earmarked funding.

The capital programme also includes £29.263m in 2009/10 (£59.304m over 3 years) to fund commitments by the 5 preceding Councils and £36.195m (£109.5573m over 3 years) to fund new schemes. The Working Group recommends that these sums should be increased to accommodate previously unfunded elements of the Local Transport Plan. The Working Group also recommends that this sum should be increased by £1.5m over the 3 years to support the 'Salisbury Vision' and that increase should be funded by capital receipts arising from property rationalisation in the city. The phasing of expenditure on this project, funded from capital receipts and also from the LTP, is provisional at this stage.

We also recommend provision for Disabled Facilities Grants should be brought within the programme, to enable existing levels of support to be maintained.

The capital programme recommended by the Working Group totals £130.7m in 2009/10 and £303.1m over the three years. This does add to the new Council's liabilities in 2009/10 and later years. The Group has sought to keep these to a minimum in order to allow more scope for the new Council itself to

determine its priorities. New commitments are directed mainly towards essential maintenance, so that the new Council does not 'go backwards' in its first year and face higher maintenance costs in later years. In addition the Council will be able to proceed with PFI schemes which are currently under development to improve housing in the County, to proceed with further Academies which will improve the quality of education at those schools, to bring forward the programme of "Building Schools for the Future" (if the Council's application to government is successful), and to continue to support the 'Salisbury Vision'.

Efficiency, and other cost reductions

Item V in the Budget Book lists (Appendix F, section A) the sums which will be saved in 2009/10 by improvements in efficiency. These total £10.79m. £8.565m of savings is attributable to the move to One Council – compared with the original target for the first year of £6.63m. The total saving equates to 5% on the Council Tax. (The saving attributable to One Council equates to 4%).

Salisbury City Council

Item IV in the Budget Book explains the recommendations regarding the precept for the new Salisbury City council in its first year. The Working Group supports the recommended precept of £80. The Working Group notes that the budget funded by this precept does not cover the costs of operating the City Hall, as the Implementation Executive has decided that the ownership of the City Hall should be determined by the new Wiltshire Council in the context of its overall policy on culture and the arts.

Main Considerations for the Implementation Executive

This report has addressed three key questions:

- Why is the budget difficult this year, and what has been the effect of the move to One Council?
- What will the public see by way of services and performance next year?
- Have we made the efficiencies and savings which were promised?

We believe that the Government grant for Wiltshire in 2009 continues to fall well short of Wiltshire's needs and short of the grants to other Councils whose situations are similar and not obviously more difficult than our own. We anticipate that the new Council will wish to pursue this vigorously. The shortfall in grant has added to the pressure on Council Tax and services.

The recommended increase in Council Tax is higher than we would wish; but a lower increase would require reductions in services (including social services and roads) which we do not believe would be welcomed by the public.

The move to one Council, and other measures, has enabled savings exceeding £10m to be made, and this will enable services to be broadly maintained.

Environmental Impact of the Proposal

Any specific environmental impacts of budget proposals will be set out in reports on the implementation of individual projects or programmes.

Equality and Diversity Impact of the Proposal

Consideration has been given to the maintenance and improvement of services for older people, adults and children with disabilities and other vulnerable groups, in shaping the budget proposals and options.

Risk Assessment

Service by service risk assessments have been carried out in relation to the Budget proposals.

Financial Implications

Financial implications are the subject of this report including the Appendices.

Legal Implications

The recommended budget will enable the new Council to meet its statutory and legal obligations.

Recommendations

REPORT II PROJECTED REVENUE SPENDING 2008-09

Implementation Executive is invited to:

- a. Note that the projected variation on the 2008-09 revenue budget for Wiltshire County Council and the four district councils combined is an under spend of £0.662 million.
- b. Note the estimated level of general balances for Wiltshire County Council and the four district councils combined are estimated to be £19.778 million at 31 March 2009.

REPORT III FEES AND CHARGES

The Implementation Executive is invited to recommend that the County Council adopts the fees and charges increases presented within this report in setting the 2009-10 revenue budget.

REPORT IV SALISBURY PARISH PRECEPT

The Implementation Executive is invited to recommend that the County Council:

- A. Approves the Salisbury Parish Council precept for 2009-10 equivalent to £80 at Band D as recommended by the SCACC.
- B. Approves the increase in fees and charges as recommended by the SCACC.

Report V REVENUE BUDGET 2009-10

The Implementation Executive is invited to recommend that the County Council:

- a) notes the current resource estimate
- b) approves the draft budget proposal set out in the Appendices to report V with the following amendments :
 - i. An increase to the capital financing budget of £120,000 to reflect the amendments to the capital programme set out below.
 - ii. An increase in the provision for the Adult Social Care Housing PFI scheme of £300,000.
 - iii. An increase in security costs for unoccupied sites of £100,000.
 - iv. An increase in provision for DCE staff restructuring costs of £115,000.
 - v. An increase in the Waste, Amenities and Leisure Budget of £216,000.
 - vi. A decrease £810,000 in services salaries budget to reflect a reduction in the pay award assumptions from 2% to 1.5%.
 - vii. An increase in provision for the staff welfare support of £100,000.
 - viii. To reflect the potential risks of reducing the pay award provision from 2% to 1.5 % add an additional £655,000 to general fund reserves.
 - ix. To propose the use of general reserves of £4.480 million less the £0.655 million resulting in a net use of general reserves of £3.825 million.

(To illustrate these changes a Report V revised appendix B and E are attached)

- c) adopts indicative council tax increases for planning purposes for Wiltshire Council for 2010/11 and 2011/12 of 3.5% in each year.

The Implementation Executive is invited to consider on 23 February 2009 a 2009/10 revenue budget and corresponding level of Council Tax to recommend to the County Council.

Report VI CAPITAL PROGRAMME 2009/10 THROUGH TO 2011/12

The Implementation Executive is invited to recommend that the County Council

- a) Approves the proposal for the Wiltshire Council Capital Programme for 2009/10 to 2011/12 as shown in Appendix B of £295.663 million amended to £303.133 million with the inclusion of an:
- i. Additional LTP Maintenance in 2009/10 of £1.742 million and;
 - ii. Additional LTP integrated transport projects in 2009/10 of £2.773 million; and
 - iii. Additional provision for Corporate Disabled Facilities Grants in 2009/10 of £1.455 million;
 - iv. Additional £1.5 million for the Salisbury Vision project on the clear understanding that this scheme will only progress with the generation of additional capital receipts in the City area.
- b) Approves the use of additional borrowing of £31.161 million, an increase of £5.970 million over and above the £25.191 million in 2009/10 identified in the budget booklet and approve £73.609 million (£67.639 million plus £5.970 million) over three years;
- c) Approves a policy for discretionary capital receipts that 50% of such receipts will be used to repay debt and 50% to be reinvested into future discretionary schemes;
- d) Notes the risk assessment and plans to manage the programme.

(To illustrate these changes a Report VI revised appendix B and F are attached)

Report VII TREASURY MANAGEMENT STRATEGY 2009-10

The Implementation Executive is invited to recommend that the County Council:

- a) Adopts the Prudential Indicators (Appendix A) and note that the Appendix will be updated to reflect the final decision of the County Council on the size of the Capital Programme once that is known;
- b) Adopts the Annual Investment Strategy (Appendix B);

- c) Delegates to the Chief Financial Officer the authority to vary the amount of borrowing and other long term liabilities within both the Operational Boundary and the Authorised Limit Prudential Indicators;
- d) Authorises the Chief Financial Officer to agree the restructuring of existing long-term loans where savings are achievable;
- e) Agrees that short term cash surpluses and deficits continue to be managed through temporary loans and deposits; and
- f) Agrees that any long term surplus cash balances not required to cover borrowing are placed in authorised money-market funds, particularly where this is more cost effective than short term deposits and delegate to the Chief Financial Officer the authority to select such funds;
- g) Agrees to amend the lower limits to 0% on the maturity structure of borrowing within Prudential Indicator 7;
- h) Agrees that for 2009/10 only and in relation to investments inherited by the unitary council, those investments will be allowed to reach maturity notwithstanding the Treasury Management Strategy;
- i) Recommends that all five councils adopt the New Council Investment Strategy immediately.

Report VIII Housing Revenue Account Budget and Rent-Setting 2009/2010

The Implementation Executive is invited to recommend that the County Council

- a) Approves the Housing Revenue Account budget for 2009/10 approved by Salisbury District Council (SDC);
- b) Approves the Rent levels as approved by Salisbury District Council for the Salisbury District Council Housing tenants.

Report on Robustness of estimates 2009-2010

The Implementation Executive is invited to recommend that the County Council

- a. notes the assessment of the robustness of estimates which have been used in preparing the budget proposals presented to date
- b. recognises the total level of general balances and earmarked reserves
- c. notes that the recommended level of general balances should be around £15 million.

Background Papers

The following unpublished documents have been relied on in the preparation of this report:

[IDeA and LGA Recession Survey \(PDF, 20 pages, 556KB\)](#)