

**IMPLEMENTATION EXECUTIVE**

**15 April 2008**

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**FINANCE UPDATE**

**Purpose of the Report**

1. The report presents an update on the key issues and progress as the five Councils move towards vesting day. The report will be presented in a similar way each month to ensure each area is being considered, although there may be little change from the previous report on some items.
2. This report sets out what is intended to be reported over the next year and the items which will be updated.

**Main Considerations for the Implementation Executive**

Transition Costs

3. These were summarised for the Implementation Executive on 13 February 2008.
  - The project management costs are projected to be within the existing provision.
  - There will be little progress on staff related costs, including severance, until later in the year, as team structures and staff deployment policies become clearer.
  - IT costs and proposals are being developed with project managers.

Benefits Realisation

4. Project managers are completing the service discovery and are identifying options for service improvements and savings. Business cases will be developed over the next few months setting out the options, costs, benefits and service standards/quality for approval through the governance arrangements. The financial implications from these approved business cases will be included in the budget planning process for 2008-09 and a summary of the savings compared to those in the submission reported to the Implementation Executive.

Accounts for 2007-08

5. The actual level of spending in 2007-08 will affect the level of reserves and balances estimated to transfer to the new Council, subject to the any proposed use in the 2008-09 budget plans.
6. Each authority is required to approve statutory Statements of Accounts for 2007-08 by the end of June 2008 for publication by 30<sup>th</sup> September 2008. These accounts will identify the level of assets, liabilities and reserves held by

each authority at 31 March 2008, and indicate those that will transfer to the County Council from the districts. These are key documents in relation to financial planning and financial risk assessment, and following completion of audits, will be the subject of a report to the IE in due course.

#### Budget for 2008-09

##### Budget Baseline 2008-09

7. The baseline for 2007-08m was reported to the Implementation Executive on 19 March 2008, noting that this would be revised for 2008-09 and as services are aligned to emerging management structures. A first draft of the 2008-09 baseline should be available for the next meeting of the Executive.

##### Budget Monitoring 2008-09

8. During periods of significant change, risks in relation to budget management are increased, in particular with staff turnover and changes in contracts and service provision. The Council will wish to ensure that management of risks and resources are maintained in the run-up to vesting day, and it is recommended that the Implementation Executive receives information from all Councils in relation to revenue and capital programme progress and spending projections.

#### Business Management Programme

9. This is a key project to introduce SAP through which the Wiltshire Council will manage and report on its finance and service performance. Progress on the implementation will be reported regularly, and will be included in these reports in relation to financial governance.

#### Budget for 2009-10 and beyond

##### Medium Term Financial Strategy

10. Following the completion of the budgets for 2008-09, a Medium Term Financial Strategy for 2009-10 to 2014-15 will be developed for the new Council. At this stage, it will include high level views of resources from central government and Council tax, and projected spending and pressures taken from current Councils' estimates. It will incorporate costs and savings illustrated in the One Council submission and the Business Management Programme and provide a summary position to inform budget process for the first years of the new Council.

##### Revenue Budget 2009-10

11. The process of preparing the budget will commence in early Autumn 2008, with each service area developing proposals and including savings identified in business cases.

## Council Tax Equalisation

12. Following the setting of budgets and Council tax levels for 2008-09 by all Councils, the cost of achieving a single level of Council tax across all the current districts is calculated to be £0.940 million, compared to the previous estimate of £1.4 million. This is based upon setting a maximum increase of 3.8% which would mean rates of increase in the current areas as follows: -
- Kennet 3.36%
  - North Wiltshire 3.65%
  - Salisbury 3.80%
  - West Wiltshire 2.55%

## Capital Programme 2009-10 to 2014-15

13. Bringing together the capital programmes is likely to be, perhaps, more straightforward than the revenue budgets, as schemes are more project based and will either be in progress or being brought forward for approval. Bringing together the resources to fund the schemes and the links to the revenue budget will be assessed in the early stages of the revenue budget for 2009-10. The Capital and Assets Board will take a lead on identifying the current projects and develop proposals for the new Council.

## **Risk Assessment**

14. There are no specific risks relating to the consolidation of the budgets.

## **Equalities Impact of the Proposal**

15. There are no equality issues arising from this report.

## **Financial Implications**

16. The report will specifically identify issues and implications as they arise and present them to the Implementation Executive for consideration and decision as necessary.

## **Proposals**

17. The Implementation Executive is asked to note the proposal to provide a standard update report to each meeting.
18. In particular for this report to: -
- a. Note that there are no project variations against the transition cost budget at this time.
  - b. Note that business cases will be developed to identify savings arising from reorganisation.
  - c. Note that following completion of the accounts for 2008-09, a report will be brought identifying assets and liabilities estimated to transfer.

- d. Note the risks in budget management during time of significant change, and the recommendation that the Implementation Executive will receive regular monitoring reports from all Councils.
- e. Note that the MTFS will be brought to the next meeting of the Implementation Executive.
- f. Note the cost of Council Tax Equalisation is estimated at £0.940 million.
- g. Note that the Capital and Assets Board will be asked to take a lead on developing the capital programme for the new Council.

### **Conclusion**

19. It is important that the IE receives an update on key financial issues at each meeting.

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Unpublished documents relied upon in the preparation of this report:	NONE
Environmental impact of the recommendations contained in this report:	NONE