

	Estimated Budget 2007/08 £000's	Estimated Budget 2008/09 £000's	Estimated Budget 2009/10 £000's
MEDIUM TERM FINANCE PLAN 2007/10			
Expenditure			
Employees	13,814	14,287	14,562
Premises	1,285	1,324	1,366
Transport	1,707	1,757	1,812
Supplies & Services	4,899	4,695	4,715
Third Party Payments	2,063	2,057	2,057
Transfer Payments	21,260	21,260	21,260
Support Services	8,206	8,206	8,206
Capital Financing Costs	4,060	4,060	4,060
Gross Expenditure	57,294	57,646	58,037
Income			
Customer/Client Receipts	(5,972)	(6,104)	(6,154)
Support Service Recharges	(8,276)	(8,276)	(8,276)
Govt Grants	(22,146)	(22,131)	(22,175)
Other Income	(866)	(866)	(866)
Gross Income	(37,262)	(37,377)	(37,471)
Net Expenditure	20,032	20,268	20,566
Parish Precepts	4,241	4,453	4,676
Other Operating Income & Costs			
Asset Management Revenue Account	(4,312)	(4,327)	(4,343)
Interest & Investment Income	(1,500)	(1,480)	(1,380)
Finance Related Expenses	152	220	220
Equipment Fund	500	555	565
Total	19,113	19,689	20,304
Financed by :			
RSG	6,843	8,192	8,397
Business Rates } Precepts } LAGBI } Council Tax } Collection Fund Surplus/ Deficit }	1,149 4,241 245 6,404 231	4,453 4,453 220 6,688 231	4,676 4,676 220 6,984 231
Total	19,113	19,333	20,057
Deficit/Surplus :	(0)	356	247

	Estimated Budget 2007/08 £	Estimated Budget 2008/09 £	Estimated Budget 2009/10 £
*Chief Executive	(17)	(19)	(21)
Community & Environment	7,972	7,926	7,986
Cleansing & Amenities	4,055	4,439	4,455
Customer Services	3,384	3,288	3,303
Planning Services	1,261	1,361	1,619
Corporate Services	3,377	3,273	3,225
Net Cost of Services	20,033	20,268	20,567
*This line is distorted by £250k restructuring saving to be distributed across services			

The Council of North Wiltshire District Council (hereinafter referred to as "the Council" in this resolution) RESOLVES for the financial year 2007-08 to:

- 1 Set the General Fund Budget Requirement for the Council at £19,113k calculated as follows:
- | | £k |
|---|---------------|
| (a) Net Expenditure on Council Services
(£18,868k see 4c plus LABGf £245k) | 19,113 |
| (b) Town and Parish Councils/Meetings Precepts | 4,241 |
| © Total General Fund Budget Requirement | 23,354 |
- 2 Note that, arising from the decision of the Council at the meeting and decisions taken by Town and Parish Councils/Meetings by 22 February 2007, the amount of Special Items included in the Budget Requirement set out at (1) above is £4,241k calculated as follows:
- | | £k |
|---------------------------------------|--------------|
| (a) Council Special Expenses | 0 |
| (b) Town and Parish Councils/Meetings | 4,241 |
| © Total Special Items | 4,241 |

and to note that, with the exception of precepts from Town and Parish Councils/Meetings, there are no further items determined as Special Items under section 34 and 35 of the Local Government Finance Act 1992.

- 3 Note that (in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992 – "the Act") the Council has calculated the following amounts:
- (a) 50,254.55: being the Council Tax Base (in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
- (b) The sums shown in Schedule column (2): being the amounts of Council Tax Base for dwellings in those parts of the area set out in column (1) of the schedule top which one or more special items relate.

- 4 Set out the following amounts in accordance with sections 32 to 38 of the Local Government Finance Act 1992:

	Description	Amount £k	Notes
A	Gross Expenditure	57,294	Gross expenditure including Parish precepts in accordance with s32(2) (a)-(e) of the Act.
B	Gross Income	-38,426	Gross income including the use of reserves in accordance with s32(3) (a)-(c) of the Act.
C	Budget Requirement	18,868	The budget requirement in accordance with s32(4) of the Act
D	i) Redistributed Non Domestic Rates	-6,843	From the finance settlement.
	ii) Revenue Support Grant	-1,149	From the finance settlement.
	iii) Transfer from Collection Fund	-231	Collection Fund deficit in accordance with s97 of the Local Government Finance Act 1988 and regulations made under s98 of the 1988 Act.
	iv) Total of (d i-iv) inclusive	-8,223	Formula grant, special grants and Collection Fund deficit.
E	Amount to be raised from Council Taxes	10,645	Item (c) + (d)(iv).
F	Basic Amount of Council Tax	£212.21	Item (e) divided by tax base(resolution 2(a) -

			this represents the weighted average Council Tax at Band D including Parish precepts but excluding Fire and Police in accordance with s33(1) of the Act.
G	Total of Special Items	4,241	This represents the total of Parish precepts in accordance with s34(1) of the Act.
H	Basic Amount of Council Tax for dwellings in parts of the area to which no special items relate	£127.88	Item (e) - (g) divided by tax base(resolution 2(a)) in accordance with s34(2) of the Act.
I	Basic Amount of Council Tax for dwellings in parts of the area to which one or more special items relate	Sums in column (5) of Schedule A Annex B	Item (h) plus column 4 of Schedule A in Annex B (excludes Police Authority) - this represents the Band D Council Tax by Parish including Parish precepts but excluding Fire and Police in accordance with s34(3) of the Act.
J	Basic Amount of Council Tax as in (h) for each Council Tax Band	Sums shown in Schedule B Annex B	This represents the Council Tax by Parish and by each valuation band including Parish precepts but excluding Fire and Police in accordance with s36(1) and s5(1) of the Act.

- 5 Note that the Wiltshire County Council, in accordance with section 40 of the Local Government Act 1992, has stated the following amounts of precepts issued to the Council for 2007-08.

Band	Amount £
A	649.27
B	757.46
C	865.66
D	973.85
E	1,190.05
F	1,406.24
G	1,622.44
H	1,947.70

- 6 Note that the Wiltshire Police Authority, in accordance with section 40 of the Local Government Act 1992, has stated the following amounts of precepts issued to the Council for 2007-08.

Band	Amount £
A	92.90
B	108.39
C	123.87
D	139.35
E	170.29
F	201.22
G	232.16
H	278.70

- 7 Note that the Wiltshire & Swindon Fire Authority, in accordance with section 40 of the Local Government Act 1992, has stated the following amounts of precepts issued to the Council for 2007-08.

Band	Amount £
A	36.93
B	43.08

C	49.23
D	55.39
E	67.68
F	79.98
G	92.28
H	110.78

- 8 Set, as a result of items 4, 5, 6 and 7 above, the amounts of Council Tax shown in Schedule 3 to Annex B, in accordance with Section 30(2) of the Local Government Act 1992, for each of the categories of dwelling shown in the Schedule.

	Tax Base	Total Charges Per Band D Property						Council Tax Total
		NWDC	Parish	Total	County	Police	Fire	
		Precept £	Purposes £	£	Precept £	Precept £	Precept £	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ashton Keynes	646.47	127.88	48.92	176.80	973.85	139.35	55.39	1,345.39
Biddestone	245.34	127.88	24.46	152.34	973.85	139.35	55.39	1,320.93
Box	1497.96	127.88	66.61	194.49	973.85	139.35	55.39	1,363.08
Braydon	26	127.88	0.00	127.88	973.85	139.35	55.39	1,296.47
Bremhill	444.91	127.88	10.11	137.99	973.85	139.35	55.39	1,306.58
Brinkworth	581.78	127.88	20.63	148.51	973.85	139.35	55.39	1,317.10
Broad Town	252.43	127.88	11.49	139.37	973.85	139.35	55.39	1,307.96
Brokenborough	100.2	127.88	10.48	138.36	973.85	139.35	55.39	1,306.95
Calne	5283.42	127.88	131.68	259.56	973.85	139.35	55.39	1,428.15
Calne Without	1379.53	127.88	5.80	133.68	973.85	139.35	55.39	1,302.27
Castle Combe	170.82	127.88	24.88	152.76	973.85	139.35	55.39	1,321.35
Charlton	229.27	127.88	17.45	145.33	973.85	139.35	55.39	1,313.92
Cherhill	343.43	127.88	13.10	140.98	973.85	139.35	55.39	1,309.57
Chippenham	9956.84	127.88	131.29	259.17	973.85	139.35	55.39	1,427.76
Chippenham Without	1517.69	127.88	17.46	145.34	973.85	139.35	55.39	1,313.93
Christian Malford	324.14	127.88	25.30	153.18	973.85	139.35	55.39	1,321.77
Clyffe Pypard	134.71	127.88	13.36	141.24	973.85	139.35	55.39	1,309.83
Colerne	951.11	127.88	31.02	158.90	973.85	139.35	55.39	1,327.49
Compton Bassett	121.43	127.88	15.65	143.53	973.85	139.35	55.39	1,312.12
Corsham	4484.66	127.88	75.62	203.50	973.85	139.35	55.39	1,372.09
Cricklade	1579.76	127.88	125.63	253.51	973.85	139.35	55.39	1,422.10
Crudwell	490.69	127.88	28.72	156.60	973.85	139.35	55.39	1,325.19
Dauntsey	233.07	127.88	30.03	157.91	973.85	139.35	55.39	1,326.50
Easton Grey	40.42	127.88	0.00	127.88	973.85	139.35	55.39	1,296.47
Great Somerford	367.07	127.88	17.30	145.18	973.85	139.35	55.39	1,313.77
Grittleton	271.33	127.88	11.60	139.48	973.85	139.35	55.39	1,308.07
Hankerton	145.42	127.88	24.07	151.95	973.85	139.35	55.39	1,320.54
Heddington	190.72	127.88	11.80	139.68	973.85	139.35	55.39	1,308.27
Hilmarton	304.91	127.88	25.25	153.13	973.85	139.35	55.39	1,321.72
Hullavington	468.07	127.88	37.39	165.27	973.85	139.35	55.39	1,333.86
Kington Langley	359.49	127.88	52.96	180.84	973.85	139.35	55.39	1,349.43
Kington St. Michael	303.78	127.88	30.29	158.17	973.85	139.35	55.39	1,326.76
Lacock	484.18	127.88	18.38	146.26	973.85	139.35	55.39	1,314.85
Langley Burrell	790.78	127.88	8.22	136.10	973.85	139.35	55.39	1,304.69
Latton	229.63	127.88	22.65	150.53	973.85	139.35	55.39	1,319.12
Lea & Cleverton	378.2	127.88	17.03	144.91	973.85	139.35	55.39	1,313.50
Leigh	145.78	127.88	25.72	153.60	973.85	139.35	55.39	1,322.19
Little Somerford	183.78	127.88	24.49	152.37	973.85	139.35	55.39	1,320.96
Luckington	276.62	127.88	14.10	141.98	973.85	139.35	55.39	1,310.57
Lydiard Millicent	733.56	127.88	19.09	146.97	973.85	139.35	55.39	1,315.56
Lydiard Tregoze	214.2	127.88	18.67	146.55	973.85	139.35	55.39	1,315.14
Lyneham & Bradenstoke	1516.05	127.88	16.49	144.37	973.85	139.35	55.39	1,312.96
Malmesbury	1857.11	127.88	142.14	270.02	973.85	139.35	55.39	1,438.61
Marston Meysey	103.43	127.88	18.17	146.05	973.85	139.35	55.39	1,314.64
Minety	647.98	127.88	18.52	146.40	973.85	139.35	55.39	1,314.99
Nettleton	317.49	127.88	15.75	143.63	973.85	139.35	55.39	1,312.22
North Wraxall	190.91	127.88	20.69	148.57	973.85	139.35	55.39	1,317.16
Norton	59.71	127.88	0.00	127.88	973.85	139.35	55.39	1,296.47
Oaksey	225.91	127.88	50.02	177.90	973.85	139.35	55.39	1,346.49
Purton	1572.47	127.88	80.43	208.31	973.85	139.35	55.39	1,376.90
Seagry	806.34	127.88	18.71	146.59	973.85	139.35	55.39	1,315.18
Sherston	155.07	127.88	25.43	153.31	973.85	139.35	55.39	1,321.90
Sopworth	690.11	127.88	8.77	136.65	973.85	139.35	55.39	1,305.24
St. Paul Without	57.07	127.88	11.85	139.73	973.85	139.35	55.39	1,308.32
Stanton St. Quintin	264.13	127.88	47.91	175.79	973.85	139.35	55.39	1,344.38
Sutton Benger	407.43	127.88	18.41	146.29	973.85	139.35	55.39	1,314.88
Tockenham	103.43	127.88	29.01	156.89	973.85	139.35	55.39	1,325.48
Wootton Bassett	4050.85	127.88	195.51	323.39	973.85	139.35	55.39	1,491.98
Yatton Keynell	345.46	127.88	24.60	152.48	973.85	139.35	55.39	1,321.07
	50254.55							

Council Tax for Banded Properties 2007-08
Charges Per Banded Property excluding County, Police and Fire

Schedule B to Annex B

	Band A		Band B		Band C		Band D		Band E		Band F		Band G		Band H	
	£	p	£	p	£	p	£	p	£	p	£	p	£	p	£	p
Ashton Keynes	117.87		137.51		157.16		176.80		216.05		255.30		294.55		353.60	
Biddestone	101.56		118.49		135.41		152.34		186.15		219.97		253.79		304.67	
Box	129.66		151.27		172.88		194.49		237.66		280.84		324.02		388.97	
Braydon	85.26		99.47		113.67		127.88		156.27		184.66		213.05		255.76	
Bremhill	92.00		107.33		122.66		137.99		168.63		199.26		229.90		275.99	
Brinkworth	99.01		115.51		132.01		148.51		181.47		214.44		247.41		297.01	
Broad Town	92.92		108.40		123.88		139.37		170.31		201.25		232.19		278.74	
Brokenborough	92.24		107.62		122.99		138.36		169.07		199.79		230.51		276.72	
Calne	173.05		201.88		230.72		259.56		317.18		374.80		432.42		519.11	
Calne Without	89.12		103.98		118.83		133.68		163.36		193.03		222.71		267.36	
Castle Combe	101.85		118.82		135.79		152.76		186.67		220.59		254.50		305.52	
Charlton	96.89		113.04		129.18		145.33		177.59		209.85		242.11		290.65	
Cherhill	93.99		109.66		125.32		140.98		172.28		203.58		234.88		281.97	
Chippenham	172.79		201.58		230.38		259.17		316.71		374.24		431.78		518.34	
Chippenham Without	96.90		113.05		129.19		145.34		177.61		209.87		242.14		290.68	
Christian Malford	102.12		119.14		136.16		153.18		187.18		221.19		255.19		306.36	
Clyffe Pypard	94.17		109.86		125.55		141.24		172.60		203.95		235.31		282.48	
Colerne	105.94		123.59		141.24		158.90		194.17		229.45		264.72		317.79	
Compton Bassett	95.69		111.64		127.58		143.53		175.39		207.25		239.12		287.05	
Corsham	135.67		158.28		180.89		203.50		248.68		293.85		339.03		407.00	
Cricklade	169.01		197.18		225.34		253.51		309.79		366.07		422.35		507.02	
Crudwell	104.41		121.81		139.21		156.60		191.37		226.14		260.90		313.21	
Dauntsey	105.28		122.83		140.37		157.91		192.97		228.03		263.08		315.83	
Easton Grey	85.26		99.47		113.67		127.88		156.27		184.66		213.05		255.76	
Great Somerford	96.79		112.92		129.05		145.18		177.41		209.64		241.87		290.36	
Grittleton	92.99		108.49		123.98		139.48		170.44		201.41		232.37		278.96	
Hankerton	101.30		118.19		135.07		151.95		185.68		219.41		253.15		303.90	
Heddington	93.12		108.64		124.16		139.68		170.69		201.69		232.70		279.35	
Hilmarton	102.09		119.11		136.12		153.13		187.13		221.12		255.12		306.27	
Hullavington	110.18		128.55		146.91		165.27		201.96		238.65		275.34		330.54	
Kington Langley	120.56		140.66		160.75		180.84		220.98		261.13		301.28		361.68	
Kington St. Michael	105.45		123.02		140.59		158.17		193.28		228.39		263.50		316.33	
Lacock	97.51		113.76		130.01		146.26		178.73		211.20		243.67		292.52	
Langley Burrell	90.74		105.86		120.98		136.10		166.31		196.53		226.74		272.20	
Latton	100.36		117.08		133.80		150.53		183.94		217.36		250.77		301.05	
Lea & Cleverton	96.61		112.71		128.81		144.91		177.07		209.24		241.41		289.81	
Leigh	102.41		119.47		136.54		153.60		187.70		221.80		255.90		307.21	
Little Somerford	101.58		118.51		135.44		152.37		186.19		220.02		253.84		304.73	
Luckington	94.66		110.43		126.20		141.98		173.50		205.02		236.54		283.96	
Lydiard Millicent	97.98		114.31		130.64		146.97		179.59		212.22		244.84		293.93	
Lydiard Tregoze	97.71		113.99		130.27		146.55		179.09		211.62		244.16		293.11	
Lyneham & Bradenstoke	96.25		112.29		128.33		144.37		176.42		208.47		240.52		288.74	
Malmesbury	180.02		210.02		240.02		270.02		329.96		389.90		449.85		540.03	
Marston Meysey	97.37		113.60		129.82		146.05		178.47		210.89		243.31		292.09	
Minety	97.60		113.87		130.13		146.40		178.90		211.40		243.90		292.80	
Nettleton	95.76		111.71		127.67		143.63		175.51		207.40		239.29		287.26	
North Wraxall	99.05		115.56		132.06		148.57		181.55		214.54		247.52		297.14	
Norton	85.26		99.47		113.67		127.88		156.27		184.66		213.05		255.76	
Oaksey	118.61		138.37		158.14		177.90		217.39		256.89		296.38		355.80	
Purton	138.88		162.02		185.17		208.31		254.55		300.80		347.04		416.62	
Seagry	97.73		114.02		130.30		146.59		179.13		211.68		244.22		293.18	
Sherston	102.21		119.25		136.28		153.31		187.35		221.39		255.42		306.63	
Sopworth	91.11		106.29		121.47		136.65		166.99		197.33		227.66		273.30	
St. Paul Without	93.16		108.68		124.21		139.73		170.75		201.77		232.79		279.46	
Stanton St. Quintin	117.20		136.73		156.26		175.79		214.82		253.84		292.87		351.58	
Sutton Benger	97.53		113.78		130.04		146.29		178.76		211.24		243.72		292.58	
Tockenham	104.60		122.03		139.46		156.89		191.71		226.54		261.37		313.77	
Wootton Bassett	215.60		251.53		287.46		323.39		395.18		466.97		538.77		646.78	
Yatton Keyneil	101.66		118.60		135.54		152.48		186.34		220.19		254.04		304.97	
Average Amount	141.48		165.05		188.63		212.21		259.31		306.42		353.53		424.41	

Council Tax for Banded Properties 2007-08
Total Charges Per Banded Property

Schedule C to Annex B

	Band A		Band B		Band C		Band D		Band E		Band F		Band G		Band H	
	£	p	£	p	£	p	£	p	£	p	£	p	£	p	£	p
Ashton Keynes	896.97		1,046.44		1,195.92		1,345.39		1,644.07		1,942.74		2,241.42		2,690.78	
Biddestone	880.66		1,027.41		1,174.17		1,320.92		1,614.16		1,907.41		2,200.65		2,641.84	
Box	908.77		1,060.20		1,211.64		1,363.08		1,665.68		1,968.29		2,270.89		2,726.16	
Braydon	864.36		1,008.39		1,152.43		1,296.47		1,584.29		1,872.10		2,159.92		2,592.94	
Bremhill	871.10		1,016.26		1,161.42		1,306.58		1,596.64		1,886.70		2,176.76		2,613.16	
Brinkworth	878.11		1,024.44		1,170.77		1,317.10		1,609.50		1,901.89		2,194.29		2,634.20	
Broad Town	872.02		1,017.33		1,162.65		1,307.96		1,598.33		1,888.69		2,179.06		2,615.92	
Brokenborough	871.34		1,016.55		1,161.75		1,306.95		1,597.09		1,887.24		2,177.38		2,613.90	
Calne	952.15		1,110.82		1,269.48		1,428.15		1,745.20		2,062.25		2,379.30		2,856.30	
Calne Without	868.22		1,012.91		1,157.59		1,302.27		1,591.37		1,880.48		2,169.58		2,604.54	
Castle Combe	880.94		1,027.75		1,174.55		1,321.35		1,614.69		1,908.03		2,201.37		2,642.70	
Charlton	875.99		1,021.97		1,167.94		1,313.92		1,605.61		1,897.30		2,188.99		2,627.84	
Cherhill	873.09		1,018.58		1,164.08		1,309.57		1,600.29		1,891.02		2,181.74		2,619.14	
Chippenham	951.89		1,110.51		1,269.14		1,427.76		1,744.72		2,061.69		2,378.65		2,855.52	
Chippenham Without	876.00		1,021.97		1,167.95		1,313.93		1,605.62		1,897.31		2,189.01		2,627.86	
Christian Malford	881.22		1,028.07		1,174.92		1,321.77		1,615.20		1,908.64		2,202.07		2,643.54	
Clyffe Pypard	873.26		1,018.79		1,164.31		1,309.83		1,600.61		1,891.39		2,182.18		2,619.66	
Colerne	885.04		1,032.52		1,180.01		1,327.49		1,622.19		1,916.90		2,211.60		2,654.98	
Compton Bassett	874.79		1,020.57		1,166.34		1,312.12		1,603.41		1,894.70		2,185.99		2,624.24	
Corsham	914.77		1,067.21		1,219.65		1,372.09		1,676.69		1,981.30		2,285.90		2,744.18	
Cricklade	948.11		1,106.11		1,264.10		1,422.10		1,737.81		2,053.51		2,369.22		2,844.20	
Crudwell	883.50		1,030.73		1,177.96		1,325.19		1,619.38		1,913.57		2,207.77		2,650.38	
Dauntsey	884.38		1,031.75		1,179.13		1,326.50		1,620.98		1,915.47		2,209.95		2,653.00	
Easton Grey	864.36		1,008.39		1,152.43		1,296.47		1,584.29		1,872.10		2,159.92		2,592.94	
Great Somerford	875.89		1,021.85		1,167.81		1,313.77		1,605.43		1,897.08		2,188.74		2,627.54	
Grittleton	872.09		1,017.42		1,162.74		1,308.07		1,598.46		1,888.85		2,179.24		2,616.14	
Hankerton	880.40		1,027.12		1,173.83		1,320.54		1,613.70		1,906.86		2,200.02		2,641.08	
Heddington	872.22		1,017.57		1,162.92		1,308.27		1,598.71		1,889.14		2,179.58		2,616.54	
Hilmarton	881.19		1,028.03		1,174.88		1,321.72		1,615.14		1,908.56		2,201.99		2,643.44	
Hullavington	889.28		1,037.48		1,185.67		1,333.86		1,629.98		1,926.09		2,222.21		2,667.72	
Kington Langley	899.66		1,049.59		1,199.51		1,349.43		1,649.00		1,948.58		2,248.15		2,698.86	
Kington St. Michael	884.54		1,031.95		1,179.35		1,326.75		1,621.29		1,915.83		2,210.37		2,653.50	
Lacock	876.61		1,022.69		1,168.77		1,314.85		1,606.75		1,898.64		2,190.54		2,629.70	
Langley Burrell	869.84		1,014.79		1,159.74		1,304.69		1,594.33		1,883.97		2,173.61		2,609.38	
Latton	879.45		1,026.00		1,172.56		1,319.11		1,611.95		1,904.79		2,197.64		2,638.22	
Lea & Cleverton	875.70		1,021.63		1,167.56		1,313.49		1,605.08		1,896.68		2,188.27		2,626.98	
Leigh	881.50		1,028.40		1,175.29		1,322.19		1,615.72		1,909.24		2,202.77		2,644.38	
Little Somerford	880.68		1,027.43		1,174.19		1,320.95		1,614.20		1,907.45		2,200.70		2,641.90	
Luckington	873.76		1,019.36		1,164.97		1,310.57		1,601.52		1,892.46		2,183.41		2,621.14	
Lydiard Millicent	877.08		1,023.23		1,169.39		1,315.55		1,607.60		1,899.65		2,191.71		2,631.10	
Lydiard Tregoze	876.80		1,022.92		1,169.03		1,315.14		1,607.10		1,899.06		2,191.02		2,630.28	
Lyneham & Bradenstoke	875.35		1,021.22		1,167.09		1,312.96		1,604.44		1,895.91		2,187.39		2,625.92	
Malmesbury	959.12		1,118.95		1,278.78		1,438.61		1,757.98		2,077.35		2,396.72		2,877.22	
Marston Meysey	876.47		1,022.53		1,168.58		1,314.64		1,606.49		1,898.34		2,190.19		2,629.28	
Minety	876.70		1,022.80		1,168.89		1,314.99		1,606.92		1,898.85		2,190.77		2,629.98	
Nettleton	874.86		1,020.64		1,166.43		1,312.22		1,603.53		1,894.85		2,186.16		2,624.44	
North Wraxall	878.15		1,024.49		1,170.82		1,317.16		1,609.57		1,901.98		2,194.39		2,634.32	
Norton	864.36		1,008.39		1,152.43		1,296.47		1,584.29		1,872.10		2,159.92		2,592.94	
Oaksey	897.70		1,047.30		1,196.89		1,346.49		1,645.41		1,944.33		2,243.25		2,692.98	
Purton	917.98		1,070.95		1,223.93		1,376.90		1,682.57		1,988.24		2,293.92		2,753.80	
Seagry	876.83		1,022.95		1,169.06		1,315.18		1,607.15		1,899.12		2,191.09		2,630.36	
Sherston	881.31		1,028.17		1,175.04		1,321.90		1,615.36		1,908.82		2,202.29		2,643.80	
Sopworth	870.20		1,015.22		1,160.23		1,305.24		1,595.00		1,884.77		2,174.53		2,610.48	
St. Paul Without	872.26		1,017.61		1,162.97		1,308.32		1,598.77		1,889.21		2,179.66		2,616.64	
Stanton St. Quintin	896.30		1,045.66		1,195.02		1,344.38		1,642.83		1,941.28		2,239.74		2,688.76	
Sutton Benger	876.63		1,022.71		1,168.80		1,314.88		1,606.78		1,898.69		2,190.59		2,629.76	
Tockenham	883.69		1,030.95		1,178.21		1,325.47		1,619.72		1,913.98		2,208.23		2,650.94	
Wootton Bassett	994.70		1,160.46		1,326.22		1,491.98		1,823.20		2,154.42		2,485.64		2,983.96	
Yatton Keynell	880.76		1,027.53		1,174.30		1,321.07		1,614.35		1,907.63		2,200.90		2,642.14	
Average Amount	920.58		1,073.98		1,227.39		1,380.79		1,687.33		1,993.87		2,300.40		2,761.59	

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 - at February 16, 2007****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. 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;
- Work is currently underway with Business Areas to pilot the budget and Risk Registers with Business Areas and to refine the approach;
- 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 2006-07 in order to re-align budgets with current demand, for 2007-08;
- a new 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 each Business Areas proposals for the budget through the Business & Strategic Planning Working Party;
- 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

- Strategic Managers reporting on the robustness of estimates to the Overview & Scrutiny Committee and subsequent scrutiny by that Committee.

Notwithstanding these arrangements which are designed to test the budget throughout its various stage of development, considerable reliance is placed on the Strategic 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 by March 2007 following the final determination of both the Capital Programme and the Revenue Budgets for 2007-08.

The Risk Registers are intended to form part of the 2007-08 and onward Budgetary Control framework and used at Budgetary Control meetings with Business Area personnel and reviewed at least quarterly by Business Area Management Teams (BAMTs).

4 Robustness of Revenue Estimates

The 2007-08 budget process continues the trend of improving the Council's budget preparation, most notably in the £1.583m of budget re-alignment due to cost pressures and Business Critical Growth, balanced by £1.487m of savings.

As part of developing the budget, members of the administration have considered these options and they are reflected in the proposed budget.

A small number of budgets have also been re-based to ensure they reflect the withdrawal of grant income or income withdrawn from the Formula Spending Share which will in future be funded from grants.

The three year position shows a small deficit in Years 2 and 3, as follows:

Table: Three Year Balanced position £000's

Three Year Balance position	2007-08	2008-09	2009-10
Deficit	0	356	247

It is expected that the announcement in February 2007 on LABGI will be

favourable. The surplus funds, above the figure assumed in the 2007-08 budget, should be used to meet the deficit in 2008-10. Therefore, in broad terms, the budget for the three years is in balance.

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
<p>1. The treatment of demand led pressures</p>	<p>Four major demand factors affect the 2007-08 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 will not be completed until January 2007, with firm financial results available in June/July 2007. The first payment is planned to be made in September 2007, albeit backdated to April 2007. The advice is that such exercises add 3-5% to the payroll. Therefore an estimate has to be included. For planning purposes, the mid-range 4% has been used. • NWLL – the arms length Leisure Trust is experiencing trading difficulties, and had approached the Council for more support in 2006-07. The Executive of November 23rd resolved that the annual management fee would not exceed the base budget provision for 2007-08 and later years. The closure of three centres was amended to two, by the February 8th Executive, who had available to them proposals by a new supplier, DC Leisure. The planning assumption is that the costs of closure will be contained in 2006-07, and security for the two closed sites will occur in 2007-08 only. A further special payment of £180k was made from Reserves in January 2007. A further payment, to cover costs of £500k, that may arise by March 31 2007, has been allowed for in the 2006-07 accounts. The trading position of NWLL remains precarious, and will be considered by the February 15th Executive. It is believed that, whatever the outcome, the allowance of £500k will be sufficient. • Management re-structure. This exercise commenced in November. If there are any redundancy costs, the exercise will not be completed in time to capitalise them in 2006-07. If capitalisation is to take place in 2007-08, an application to the DCLG will have to be lodged by December 15 2007. In the meanwhile, a prudent saving of £250k has been assumed for 2007-08 and the subsequent years. • Other pressures – the level of budget correction is set out at Annex 6, budget pressures, which shows £713 k of corrections <p>All Strategic 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> <p>The 2007-08 budget has been based upon budget monitoring and</p>

	projections made by Strategic Managers of demand in future years.
2. The treatment of inflation and interest rates.	<p>Pay - 4.00% has been provided in the 2007-08 budget for the pay award for staff, with 2.75% for the following years. This is considered in Annex 11, an analysis of the salary estimates. The rebased salary estimates were checked by the Team Leaders, and the overall planning total allowed for a net increase in the paybill due to increments.</p> <p>The 2006-07 employers pension contributions is at 26.1%. No increase is required for 2007-08. A revaluation will be undertaken in 2007-08, to take effect from April 2008. For planning purposes an increase of 1.0% per annum has been assumed for 2008-09 and 2009-10.</p> <p>The vacancy factor [VF] built into the 2007-08 budget is 3%, which is broadly in line with that 'naturally' achieved. It is based on all Teams with 3 or more staff, but excluding front-line staff (refuse and recycling). Overall, the VF is 2.5%.</p> <p>Price inflation was treated in a different way for 2007-10. Instead of inflating all items, Officers built an alternative approach where inflation is only been provided on contractually or quasi-contractually committed budgets either at 2% or the rate stated in the relevant agreement. The is covered in Annex 5.</p> <p>Interest rates for 2007-08 have been assumed at 5.25% from April 07 and 5.0% from August 07 for temporary investment and 4.15% for any borrowing. The effect of each 1% change in interest rates is approximately £77,300 for interest on balances (estimated average balances during the year).</p>
3. Estimates of the level and timing of capital receipts.	<p>The budget proposals for 2007-08 assume the following with regard to interest on funds.</p> <p>Revenue - that the investment funds of £23.1m 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>Capital – that interest on capital receipts received in 2006-07 and onwards, will be used to help fund the capital programme.</p>
4 The treatment of income	<p>LABGI – this Government reward, for increasing the Business base at a quicker rate than predicted, will be announced in early February, with two further updates, being finalised in June 2007. The lateness hinders sensible financial planning. The existing MTFP assumed £245k in 2007-08 and nothing in the following years. The scheme for 2007-08 has been loosened to pass more funds to those who qualify. Further work on the formula has confirmed that the estimate is reasonable, and may even be exceeded.</p> <p>The planning assumption remains unchanged at £245k in 2007-08 and nothing in the following years. The Executive agreed growth of £65k as a first call on funds in excess of £245k. Were the income to be even higher, the recommendation is to carry the excess into the following years 2008-10, to eliminate the deficit and provide funds and certainty for those year's budgets.</p> <p>Parking – the restructure of car parking charges would increase the income of the Council. A range of options to increase income is included in the savings options. Were the current free first hour to be charged at 10p, it would raise £90k in a full year.</p> <p>Toilets – ways to reduce the net cost will be explored</p> <p>Other income – an annual uprating, to take account of inflation, is expected to increase other income by 3% overall (see 2 above).</p>

<p>5. The treatment of efficiency savings/ productivity gains.</p>	<p>All Strategic 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 future 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>Annex 8 sets out the level of efficiency savings, that will form the basis for further Gershon work.</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 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. A risk based approach is set out at Annex 2.</p> <p>The major risk facing the Council is North Wilts Leisure Limited, of which level of exposure is being investigated.</p> <p>There remain outstanding Housing Benefit and Council Tax Benefit Subsidy claims for 2004-05 of £400,000</p>
<p>8. The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc)</p>	<p>The Council is debt free. Were it to fund capital expenditure by borrowing it would budget prudently for its level of borrowing, avoiding external borrowing where cash resources allow.</p> <p>The capital programme assumes that there will be prudential borrowing in 2008-09 for two types of scheme:</p> <ul style="list-style-type: none"> • Commercial re-developments , that will fund their own cost of borrowing; • The £600k cost of waste enhancements, that will add 1% to the level of Council Tax from 2008-09 onwards. <p>The revenue budget assumes that the external borrowing will be used to fund the capital expenditure for 2007-10, for it represents the most prudent option for the Council in the current economic climate .</p> <p>The assumed (ultimate) Council Tax collection rate for 2007-08 onwards is 98.5%, judged to be achievable. For each 1% not collected, the cost is approximately £0.056m 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. Any surplus is distributed in 2007-08.</p>

<p>9. The authority's track record in budget and financial management.</p>	<p>The Council's recent track record in budget and financial management shows potential variations of +3.8% to -7.82%, a range of 11.6% of the net budget (equivalent to £2,167k on the 2006-07 net budget):</p> <table border="1" data-bbox="555 264 1407 629"> <thead> <tr> <th></th> <th>Amount £k</th> <th>% of budget</th> </tr> </thead> <tbody> <tr> <td>▪ 2000-2001 – under spent by</td> <td>34 -</td> <td>0.24-</td> </tr> <tr> <td>▪ 2001-2002 – over spent by</td> <td>547+</td> <td>3.83+</td> </tr> <tr> <td>▪ 2002-2003 – under spent by</td> <td>1,145-</td> <td>7.82-</td> </tr> <tr> <td>▪ 2003-2004 – over spent by</td> <td>187+</td> <td>1.20+</td> </tr> <tr> <td>▪ 2004-2005 – under spent by</td> <td>363-</td> <td>2.37-</td> </tr> <tr> <td>▪ 2005-2006 – under spend by</td> <td>311-</td> <td>1.86-</td> </tr> <tr> <td>▪ 2006-2007* – overspent</td> <td>17+</td> <td></td> </tr> </tbody> </table> <p>* As projected at M9 monitoring</p> <p>However this has been achieved by considerable management and policy actions to ensure spending is in line with the budget each year.</p> <p>Base budget under provision, the full year effect of previous decisions, demographic growth and legislative change have been identified and will continue to be identified during the budget and Medium Term Planning process.</p> <p>Ultimately, financial performance relies on all budget managers and Strategic Managers actively managing their budgets and complying with financial regulations, including not committing expenditure if there is no budget provision available.</p>		Amount £k	% of budget	▪ 2000-2001 – under spent by	34 -	0.24-	▪ 2001-2002 – over spent by	547+	3.83+	▪ 2002-2003 – under spent by	1,145-	7.82-	▪ 2003-2004 – over spent by	187+	1.20+	▪ 2004-2005 – under spent by	363-	2.37-	▪ 2005-2006 – under spend by	311-	1.86-	▪ 2006-2007* – overspent	17+	
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<p>10. The authority's capacity to manage in-year budget pressures</p>	<p>The authority needs to improve its ability to manage in-year budget pressures. The following steps are required. Re-set the rules for dealing with overspends. Improve the accuracy of estimates. Improve the monitoring system, in terms of accuracy, the frequency of reporting and the challenge process. Act earlier in the year to correct any over/underspends. Deliver what was planned.</p> <p>The 2006-07 projected overspend, at M9 (December) reported in February 2007, at £17k is being responded to. A matter for concern was the number of invoices that are over 30 days and had not been notified to the centre; an exercise was undertaken in December to bring the process up to date.</p>																								
<p>11. The strength of the financial information and reporting arrangements.</p>	<p>It has been recognised that the financial information and reporting arrangements needs to be strengthened. The Council needs to introduce commitment accounting, improve the usability of the system for non-financial users, and implement a single debtors system. Equally the summer 2006 turnover of senior finance staff has reduced the level of continuity and temporarily affected capacity. The new team is seeking to restore this and improve the standards in all areas.</p> <p>During 2007-08, investigations into a new financial information system will be pursued with a view to implementation for April 2008.</p> <p>The MTFP is now using a 'grandfather' gross model, that will strengthen the basis of reporting. Annex 3 shows the budget on a subjective basis.</p> <p>The following tasks were completed before the end of January,</p> <ul style="list-style-type: none"> • base salary estimates - the compilation of the base salaries is now the subject of a separate Annex [11] • risk based balances calculation; 																								

	<ul style="list-style-type: none"> • prudential borrowing – a model was tested with advisors. • inflation – move to an exception basis. See Annex 5 <p>to be incorporated into the Council Tax recommendation, along with the latest information on LABGI:</p> <p>The Equipment Fund review will be completed during March 2007.</p>
<p>12. The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.</p>	<p><i>To be reviewed</i></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 – a discipline which needs to be maintained.</p>
<p>13. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.</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 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 2006-07 and 2007-08 and is judged to be adequate, the position being that estimated outstanding liabilities are covered by the balance on the Reserve.</p>

Taking into account the above and building on the work over the year, the proposed budget is more robust than in previous years.

5 Risk

In reports to the Overview & Scrutiny Committee on February 7 2007, all Strategic Managers, with the support of their financial consultants, will assess the robustness of their budgets, the achievability of savings, income and reductions. It is expected that the key risks will be:

- NWLL performance and the level of support;
- Pay and rewards, the outcome of which is estimated;
- The management restructure;
- The Capital Programme, given the level of slippage in 2006-07 [see 6 below];
- The Pension Fund revaluation, affecting 2008-09 onwards;
- Volatility of income in the Business Areas, especially the Planning Delivery Grant;
- Demographic trends being even slightly higher than projected or estimated;
- Changes in Housing Benefit funding and structure;
- Changes in policy or non-implementation of policy changes built into the budget.

These assumptions and potential changing circumstances will require the forecasts for future years to be reviewed early in each financial year leading to more detailed budgets being prepared for the next financial year and the medium term during the autumn of each financial year.

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 Strategic 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 2006-07 is fully funded but this in itself will increase pressure on the Council to deliver the anticipated 2007-08 programme.
- Secondly, the draft 3 year 2007-10 programme has been brought into line with resources by reducing plans by £5.75m.

Budget Assumption	Financial Standing and Management
1. Estimates of the level and timing of capital receipts.	<p>The Council's new policy is to fund its capital programme over the three year MTFP cycle, from three sources:</p> <ul style="list-style-type: none"> • Capital receipts – paid/agreed in the year immediately before the three year budget period, and 20% of 'non controversial' capital receipts to be generated during the planning period; • Interest on the capital receipts; • Grants; <p>This is fully explored in the accompanying report on the capital programme</p> <p>In the past, receipts were invested. The income continues to be used to help to support the Council's revenue expenditure. The investment reserve currently stands at £21.7m.</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%*, [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.

* Equivalent to £0.964m for 2006-07.

The recommendation on the minimum prudent level and optimal level of reserves has been based on the robustness of estimate information (above). The details are set out in **Annex 2**.

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.
- 1.2 This paper sets out the framework for a risk assessment approach. The issues the framework considers include the following:
- The Council will need to budget for provision for the cost of any redundancies necessary to achieve any budget savings and restructuring to the extent they are not contained in the budget proposals. The Council's policy is that redundancy costs are contained in the budget proposals.
 - There is always some degree of uncertainty over whether the full effects of any economy measures and/or service reductions will be achieved. Strategic 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 (NWDC's threshold for 2006-07 has been set at £27,481, 0.2% of budget). 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 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.

2 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: £12.6m Risk: low Factor: 0.50% Value: £63.1k

2.2 The ten areas of risk are set out in the following table, with an explanation of what risk is being covered.

Table 1: Ten Areas of risk for NWDC

No	Area of risk	Explanation of risk
1	Inflation on expenditure	There are two issues. Firstly, there may be some items of expenditure – fuel costs for example - where any estimate of inflation is a 'best guess'. The risk assessment puts a figure to the higher level of inflation that would seem to be unreasonable to include in a budget, but might come to pass. Secondly, information is less accurate for years 2 and 3; the risk assessment covers the higher range.
2	Interest rates on borrowing and investment	This is similar to 1 above, but for an specific area.
3	Grants, RSG, LABGI, PDG, Housing Benefits	The Government planning system is often short-term and a 'best guess' has to be offered in lieu of hard facts. Currently there are 4 issues: <ul style="list-style-type: none"> • RSG for 2008-10 will firm up when Spending Review 2007 is announced in the summer of 2007. • LABGI will always be problematic given that announcements are made after the budget has been set. • PDG is an example of a grant in transition (downward), but who's distribution is a mystery. • Housing Benefits – whilst the administration grant is straightforward, the subsidy is subject to audit and, sometimes, abatement.
4	Infant (estimated) budgets, (Inc or Exp) <ul style="list-style-type: none"> • Job Evaluation • Reorganisation incl redundancies 	There are some initiatives that are known will happen, but are not sufficiently advanced to accurately cost.
5	Volume changes -	Equally, there are long standing areas of risk, that

No	Area of risk	Explanation of risk
	Demand led or volatile budgets (I or E) <ul style="list-style-type: none"> • S106 • Land sales • Collection Fund • Land Charges • Planning charges 	have an exciting existence – we budget for the middle of the range, but might find the actuality is at the higher end.
6	Efficiency gains incl Gershon savings	The budget includes improvement programmes that will deliver savings; the risk is that they may be delivered at a slower rate.
7	Insurance, funds and excesses	Acts of God can result in higher insurance traffic than had been anticipated.
8	Emergency planning – Belwin, disaster recovery, snow days	Were a disaster to occur, we have to have a reserve in place to pick up costs that will fall to the Council.
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 	Change necessarily means doing things in a way for which we have no evidence. Our assumptions may be wrong. Also, the areas of change will alter over the years.
10	Financial guarantees /legal exposure <ul style="list-style-type: none"> • PFI • WCC over NWLL 	The contract for the Council's offices would contain obligations that if not fulfilled, would attract a penalty.
11	Unknown unknowns	A specific item for anything not covered above

- 2.3 Risks can change over time. The three year budget approach will identify this, and produce a different Reserves requirement for each year. What might be an excessive level of Reserves in Year One, might be inadequate for Years Two or Three. Reserves have to be looked at over a three year period.
- 2.4 The issue of “unknown, unknowns” was raised at the January 18 Budget & Strategy Working Party. This is a difficult concept - for example, hard to quantify - that has to some extent been covered by the inclusion within the calculation of £500k for “other Disaster Recovery” and throughout the calculation, preferring to shade the risk at the higher end for reasons of prudence. However a sum of £200k is proposed, to recognise the concept and, review at a later date when there is evidence of performance against the risks.
- 2.5 This approach will be extended to the capital programme.

3 Outcomes

- 3.1 As a consequence, it is recommended that the minimum prudent level of general fund reserves is £3.5m for 2007-08 and, an optimal level of the same, over the medium term. The summary of the calculation is set out below. The detailed calculation is available on request.

Risk calculation for the level of Reserves

	2005/06 Actual	2006/07 Actual	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate
1 Inflation	320,269	348,372	362,306	376,799	391,871
2 Interest Rates	50,000	50,000	50,000	50,000	50,000
3 Grants	476,834	574,308	648,432	409,415	266,232
4 Infant budgets	0	0	297,500	155,000	0
5 Demand led or volatile	165,875	165,875	165,875	165,875	165,875
6 Efficiency Gains incl Gershon	211,782	231,211	240,459	250,078	260,081
7 Insurance	36,250	36,563	36,891	49,735	62,597
8 Emergency Planning	1,035,054	1,038,493	1,039,647	1,040,837	1,042,062
9 Change	0	111,800	414,500	589,500	414,500
10 Financial guarantees/legal exposure	12,500	12,500	32,500	32,500	22,500
11 Unknown unknowns			200,000	200,000	200,000
Total	2,308,565	2,569,120	3,488,110	3,319,739	2,875,717
Movement		260,555	918,990	(168,372)	(444,021)
Balance March 2007 predicted at Feb 16			3,577,000		
Excess			78,890		