

## **BUDGET CONTEXT AND KEY ISSUES FOR 2009-10**

### **Purpose of Report**

1. The reports in this bound Budget Booklet provide information to Members to progress the revenue and capital budget proposals for the financial year 2009-10.
2. Members are asked to retain this booklet, which with further reports prepared for Implementation Executive on 11 February 2009 and 23 February 2009, will enable final decisions to be taken at County Council on 24 February 2009.
3. This report summaries the key issues for the 2009-10 budget and highlights areas which are explained in detail in the other reports in this booklet.

### **Background**

4. This will be the first budget for the new Unitary Wiltshire Council. The preparation and development of this information, (as the structures and shape of the Unitary Council has been developing) has been a complex and difficult process.
5. Establishing responsibility, ownership and allocation of base budgets to the Departments and Service Director's areas has involved a tremendous amount of work and commitment from both finance staff and service managers. This has created a very reasonable budget base for the New Council to operate under from the 1 April 2009. However, Members should be aware that as the Council gets established there may be a requirement to reshape individual elements of the budgets as services, liabilities and obligations are clarified and developed.

### **Information**

6. The nature of this transitional year has altered the budget setting process for 2009-10. The Implementation Executive of Wiltshire Council is the body responsible for recommending the Council's budget requirement to Wiltshire County Council.
7. The Wiltshire County Council has responsibility for debating and approving the budget and setting the Council Tax.
8. However the regulations direct that Wiltshire County Council can only alter the proposals from the Implementation Executive for Wiltshire Council if there is a two thirds majority for the change.

## **Projected Revenue Spending 2008-09**

9. This report covers the latest available budget monitoring information for 2008-09 based on spending at the County Council to November 2008 and spending information from the District Councils based on a variety of dates depending on their systems. The current projection anticipates an under spend of £0.662 million.
10. The projected under spend has to be viewed in the context of the significant work being done in both Children and Education and Community Services to manage and reduce cost pressures within those services.
11. Close management and monitoring of budgets will continue for the remainder of the year and it is possible that the projection could change as a result of ongoing pressures.

## **Fees and Charges**

12. This paper explains the assumptions on fees and charges incorporated in the budget proposals and describes the value of the income expected.

## **Salisbury Parish Precept**

13. This paper sets out a proposed parish precept of £80 for a band D property and fees and charges proposal for the new Salisbury Parish Council. These proposals need to be approved by the Implementation Executive and the Council, because the first elections to the parish council will not be held until June 2009.

## **Revenue Budget 2009-10**

14. This report reflects the significant development work that has been done to develop the annual budget preparation process for the new unitary council. The paper identifies the draft net budget requirement of £332.232 million, the base budget position, describes efficiencies and cost reductions achieved and gives options for spending proposals based on an assumed average Council Tax increase 3.5%.

## **Capital Programme and Capital Resources 2009-10 to 2011-12**

15. The Capital Programme continues to grow. The impact of the formula grant floor mechanism means that 'supported' capital allocations can no longer be automatically assumed to be affordable and have to be treated to the same priority analysis as schemes funded from other sources. The move from capital grants to supported borrowing allocations for major work streams has had a significant impact on the potential costs to the council if it decides to proceed with the schemes.

## **Treasury Management Strategy 2009-10**

16. This is a technical paper which is required to be approved annually by the Council. The paper covers three areas: prudential indicators, debt management decisions and the Annual Investment Strategy.
17. The proposals in this paper ensure compliance with statutory requirements and best practise. However, the process of planning to combine the treasury management functions of the five councils has added to the complexity of the process. The report identifies this and includes recognition that as the activities are combined the unitary council may inherit investments which could fall outside the strategy.

## **HRA and Rent Setting**

18. This paper proposes a Housing Revenue Account budget for 2009-10 and the average rent increase for the Council's housing tenants in the Salisbury District Council Area.

## **Conclusion**

19. The reports in this budget booklet should be considered in conjunction with other reports elsewhere on the agenda comprising supplementary budget information (on Consultation, Performance and One Council for Wiltshire Expenditure).
20. In addition Members will need to consider a separate report key to the decision making process elsewhere on this agenda on the Robustness of Estimates and Adequacy of Reserves.

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The following unpublished documents have been relied on in the preparation of this report: NONE.