

Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Resources Portfolio Holder and Philippa Davies, Corporate Director of Resources	Cabinet	12 September 2012	11

<b>Medium Term Financial Plan 2012/13 to 2015/16</b>
--

## 1. Purpose of Report

- 1.1 To consider the Council's Medium Term Financial Plan for the financial years 2012/13 to 2015/16.

## 2. Outcomes

- 2.1 The ability to demonstrate good financial management by ensuring that the Council's Medium Term Financial Plan, budgets and capital programme are soundly based and designed to deliver its strategic priorities.

## 3. Recommendations

- 3.1 Members are requested to:
- a. Consider the attached Medium Term Financial Plan and determine the relevant action in order to address the issues resulting from the 3 year Financial Forecast;
  - b. Note the revised expenditure projections incorporating the slippage from 2011/12, and the resulting impact on the level of the Council's reserves and balances at 31st March 2012; and
  - c. Agree the top-up and use of all Reserves and Balances as indicated in Appendix 3 to the Medium Term Financial Plan.

## 4. Background

- 4.1 The Council's comprehensive, Medium Term Financial Plan, essentially a 3-year financial forecast, complements the Annual Revenue Budget process and should be considered in conjunction with the Council's Business Plan, its capital investment plans and the Asset Management Plan. It provides detailed proposals for corporately managing the Council's resources in the years ahead.

## 5. Key Issues and Proposals

5.1 The last Plan was based on the Revenue Budget for 2011/12 and it was recognised that it would be subject to continuous monitoring to ensure its effectiveness. Since the Plan was last considered there have been regular monitoring reports to Members on both the Revenue and Capital Budgets and the 2012/13 Budgets for both of these have been approved. The Outturn figures for 2011/12, subject to external audit, were presented to the Audit Committee on 26 June 2012. Attached, at Appendix A, is a copy of the updated Plan, which includes the latest 3-year financial forecast.

<b>IMPLICATIONS</b>	
Finance	Considered in detail in the appendices attached.
Legal	None arising directly from the report.
Community Safety	None arising directly from the report.
Equality and Diversity	None arising directly from the report.
Sustainability	None arising directly from the report.
Health and Safety	None arising directly from the report.
Risk Management	Considered in detail in the appendices attached.
Asset Management	The Council's financial plans support the delivery of strategic plans for assets either through investment, disposals, rationalisation or more efficient asset use. Financial plans show how the financial gap between the need to invest in assets and the budget available will be filled over the long term (for example through prudential borrowing, rationalisation of assets, capital receipts, etc.)
Climate Change	None arising directly from the report.

Report Author	Telephone No.	Email	Date
Philippa Davies	01253 887370	<a href="mailto:philippa.davies@wyre.gov.uk">philippa.davies@wyre.gov.uk</a>	17.07.12

<b>List of Background Papers:</b>		
Name of Document	Date	Where available for inspection
LAAP Bulletin 77 – Guidance note on Local Authority Reserves and Balances	November 2008	Financial Services Team
Business Plan 12/13 to 14/15	1 March 2012	Intranet
Cabinet Report	15 February 2012	Intranet
Council Report	1 March 2012	Intranet
Estimate Working Papers	December 2011 to February 2012	Financial Services Team
Audit Cttee Report	26 June 2012	Intranet

### **LIST OF APPENDICES**

Appendix A – Medium Term Financial Plan 2012/13 to 2015/16



# Medium Term Financial Plan 2012/13 to 2015/16

Wyre Council  
Civic Centre  
Breck Road  
Poulton-le-Fylde

September 2012

# The Medium Term Financial Plan for Wyre Council

## 1. Strategic Objectives

- 1.1 The Council's Business Plan sets out its vision and priorities for a three-year period, highlighting the issues upon which we have decided to focus and the key actions that we commit to undertake in order to ensure that our vision is realised. Our vision is 'Wyre, a place of which people are proud'.

### Pride in Our Places

<b>Our Priorities</b>
We will boost enterprise, encourage investment and create jobs for local people
We will ensure our streets and public spaces are clean and tidy
We will work with partners to provide additional affordable homes
We will protect our borough against climate change
We will address poor housing and reduce the number of empty homes

### Pride in Our People

<b>Our Priorities</b>
We will support families in greatest need
We will work with partners to improve health and people's sense of wellbeing
We will maximise opportunities to increase people's job skills
We will work with partners to reduce already low levels of anti-social behaviour and crime
We will tailor our services to meet the needs of our communities

### Pride in Our Performance

<b>Our Priorities</b>
As one team we will focus our services on customer need
We will deliver savings year on year
We will have an excellent reputation

## 2. Background

- 2.1 The Council's comprehensive, Medium Term Financial Plan is a 3-year financial forecast which complements the Annual Revenue Budget process and should be considered in conjunction with the Council's Business Plan, its capital investment plans and the Asset Management Plan. It provides detailed proposals for corporately managing the Council's resources in the years ahead.
- 2.2 Without a resilient Business Plan priorities can be championed that have little or no reference in relation to the needs of local communities which can lead to a lack of value for money, direction and public satisfaction.

- 2.3 The Council faces many significant challenges ahead and will have to manage a wide and diverse range of services with decreasing resources and heightened customer expectations.
- 2.4 The Council recognises and welcomes the resources that are made available through contributions from other public and private partner organisations, as well as the voluntary sector. These form a key part of the Council's application of resources, duly reflected in its key documents, which are shared with those bodies to achieve the most effective mix of contributions to achieve shared aims and objectives.

### 3. Links to Corporate Priorities

- 3.1 Obviously, the Council cannot do everything it would like to do, or indeed, everything its customers and partners would like it to do. The Council, in the same way as other organisations, is restricted by the amount of money (revenue and capital) it has to spend. As such, it has to set priorities. These priorities, which are reflected in the Business Plan, are based on clear evidence of community needs and aspirations determined through previous robust research and local consultation that formed the basis of earlier plans.
- 3.2 In order to respond effectively to the diverse needs of the community the Council needs to be using resources effectively, delivering the best outcomes for local people and actively seeking new ways to improve the well-being of the community.
- 3.3 This process will be achieved through the following mechanisms:

**Engagement with Residents using existing mechanisms and groups** – The Council is keen to ensure that the aspirations and needs of local people are met and has introduced the Shaping Your Neighbourhood Initiative and an Engagement Network to ensure better and more effective methods of achieving two way communications.

**The Council's Business Plan** - outlines our vision, priorities and key actions for the next 3 years and demonstrates our commitment to make a positive difference to the lives of people living in Wyre.

**Medium Term Financial Plan** – reflects the budgetary requirements of the Business Plan and is communicated to staff and stakeholders.

**Annual Service Plans** – contain detailed action plans for the forthcoming year for each service including performance targets.

**Team and Individual Objectives** – ensures that each member of staff knows how their job helps to deliver a better Wyre. A staff appraisal system helps to assess everyone's contribution.

**Performance Management Framework** – a tool that underpins all of the above and allows everyone to track performance.

- 3.4 New schemes requiring funding are referred to Portfolio Holders for detailed consideration against corporate priorities (A copy of the Growth Bid Form which can be used for revenue or capital schemes is included at Appendix 1). If approved, they are then referred to Overview and Scrutiny as part of the determination and scrutiny of the decision making process prior to being submitted to the Cabinet for overall consideration as part of the Council's Estimates Process. This ensures that, often difficult, decisions are taken in consideration of the

Council's duty to promote the wellbeing of the community, as well as service specific needs.

- 3.5 Before growth bids are submitted for consideration however, there must be:
- Clear identification of the Corporate priority to which the request relates;
  - A proposed measure of the scheme's benefits in the form of a performance indicator;
  - Demonstration of the scheme's contribution to effective asset management;
  - Evidence of improved equality of access or outcome;
  - Consideration of the financial impact of the expenditure i.e. one year funding or recurring financial consequences, and
  - Evidence that alternative methods of funding have been considered.
- 3.6 The Council is keen to strengthen the link between investment and return by encouraging the development and reporting of indicators that can demonstrate how individual schemes have contributed to the achievement of its priorities, i.e. what the community can expect the investment to achieve in terms of outputs and outcomes.

#### **4. Budget Management and Monitoring**

- 4.1 In order to ensure that the Council is able to demonstrate an effective approach to managing its financial performance, monitoring reports, highlighting any significant deviations from the plan, are submitted to the Executive on a monthly basis in respect of revenue expenditure and quarterly in relation to capital expenditure. This information is informed by regular budgetary reviews undertaken by Spending Officers and the Financial Services Team. Any changes to the phasing of capital schemes and any significant variations to scheme costs are formally reported to Cabinet on a quarterly basis and Members can refer to the Ten Performance Management System for details of each capital scheme. This process balances the need for a consistent and corporate approach to programme management generally with the responsiveness and flexibility required to manage, often complex, schemes.
- 4.2 The release of funds from the Capital Budget, following a schemes inclusion in the Capital Programme, is subject to a comprehensive report to the appropriate Portfolio Holder, by the relevant Director who is responsible for managing the scheme from development through to implementation and review. (This requirement may be relaxed for those schemes where the delay between the date of inclusion in the capital programme and the project start date is less than 9 months and the exact nature of the capital investment requires no further Member approval). The Members' role in performance management and monitoring is supported by the Council's Financial Regulations and Financial Procedure Rules which state the key controls surrounding the capital programme as follows:
- a) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the executive
  - b) specific approval by the full council for the programme of capital expenditure
  - c) expenditure on capital schemes is subject to the approval of the relevant Portfolio Holder prior to scheme commencement
  - d) proposals for improvements and alterations to buildings must be approved by the corporate property officer

- e) schedules for individual schemes within the overall budget approved by the full council must be submitted to the relevant Portfolio Holder for approval (for example, Refurbishment of Playgrounds)
  - f) the development and implementation of asset management plans
  - g) accountability for each proposal is accepted by a named manager
  - h) monitoring of progress in conjunction with expenditure and comparison with approved budget.
- 4.3 Capital costs must be within approved budgets, the tender process being conducted in accordance with Financial Regulations and Financial Procedure Rules which state that tenders exceeding the provision by more than 10% must be reported to the Executive. Officers must also report as the scheme progresses, if the costs are likely to exceed 10% of the tender sum or £20,000 (whichever is the lesser).
- 4.4 The Prudential Code for Capital Finance aims to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. The Code sets out indicators that must be used and requires local authorities to set relevant limits and ratios including a three year forward estimate of Council Tax as well as three year capital expenditure plans. Responsibility for setting and agreeing the prudential indicators rests with the full Council further reinforcing the Members' role in the management of the Capital Programme.

## **5. Basis of Budgetary Forecast**

- 5.1 The projections incorporate the final position in respect of the 2011/12 financial year although the Statement of Accounts has not yet been formally certified by the Council's External Auditors. The Accounts and Audit Regulations 2011 require the Council's responsible financial officer to certify that the accounts 'present a true and fair view of the financial position' for the 2011/12 financial year by 30 June 2012. The Council is then formally required to approve and publish the Statement of Accounts no later than 30 September 2012. It is the role of the Audit Committee, independent from the Executive and Overview and Scrutiny functions, to 'review the annual Statement of Accounts considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council'. The Audit Committee approved the draft Statement of Accounts at their meeting on the 26 June 2012.
- 5.2 The latest budget for 2012/13 reflects no increase for pay for 2012/13. A 2% provision has been included for pay awards in 2013/14 and future years.
- 5.3 Provision for inflation has been included where it is considered to be a contractual obligation and where known inflationary pressures exist. In preparing a prudent budget, the Council should also reflect the current economic climate and its potential impact; this has been considered as part of the Risk Analysis in Appendix 5.
- 5.4 Although the income projected from fees and charges should follow the principles of the Audit Commission publication "The Price is Right", the objective being to maximise support to the Revenue Budget, it has been assumed that additional income generated during 2013/14 will be offset by similar increases in other costs. Where a specific policy decision has already been taken, however, in relation to future levels of charging this has been reflected in the plan. The Council's Charging Policy is attached at Appendix 2.

5.5 The financial projections reflect all known implications arising from published strategies and plans across the Council and joint plans agreed with partners and other stakeholders which include the following:

- Business Plan;
- Community Safety Partnership;
- Older People Strategy;
- Waste Management Strategy;
- IT Strategy;
- Pay and Workforce Strategy;
- Housing Strategy; and
- The Locality Plans developed as part of the Shaping Your Neighbourhood Initiative.

5.6 As part of the annual budget cycle, and in determining the Medium Term Financial Plan, the Council continues to identify actions that will improve efficiency, quantifying the expected gains that assist the Council in effectively prioritising its finite resources. These efficiency targets, detailed within the Council's 'Annual Efficiency Programme', will assist the delivery of the Council's corporate priorities supporting the continued improvement of services for our residents. Savings and efficiency gains identified for the year are monitored throughout the period by the Executive to ensure their achievement. Target efficiency savings will only be reflected in the Medium Term Financial Plan, however, as they are realised.

5.7 The employers' superannuation rate, effective for the three years commencing 1 April 2011, is 25.1%. The next triennial review by the Actuary will be in March 2013 and will be effective for the three years commencing 1 April 2014. In anticipation of increased costs resulting from the last actuarial review, the Council created an earmarked reserve to cushion the initial impact. The reserve helps to reduce the impact on the revenue budget with the last year of its application being 2013/14 (£185,000). The plan assumes a rate of 27.5% from 2014/15.

5.8 With effect from the 2007/08 financial year, the Council once again become reliant on borrowing to support capital expenditure. The Council has borrowed £3.552m to date, made up as follows:

Date	Loan Ref	Value (£)	Period	Rate (%)	Maturing
05.03.08	494403	1,000,000	3	4.18	Sept'2010
05.03.08	494404	552,000	30	4.48	Sept'2037
05.03.08	494405	1,000,000	50	4.41	Sept'2057
09.03.09	495360	1,000,000	4	2.05	Sept'2012

In an effort to reduce the Council's reliance on borrowing and following concerns about the sustainability of continuing to borrow in the current economic climate, a Capital Investment Reserve was created as part of the 2009/10 closure of accounts. Following the first quarter review of capital spending, £2.6m will be financed from the capital investment reserve in 2012/13 leaving an unallocated balance of £2.1m. It should be noted, however, that this is prior to any investment in Leisure Centres proposed following the recent review.

5.9 Capital receipts have been assumed of £1m in 2013/14 and after meeting the obligations reflected in the Capital Programme there will be approximately £383,000 available to meet the cost of any future schemes.

## 6. Basis of Resources Forecast

- 6.1 The extent of the growth in the tax base of the authority obviously has an impact on the projections of future Council Tax income. Given the current economic climate and the fact that the tax base actually reduced in 2012/13 by 0.3%, no increase has been anticipated for each subsequent year.
- 6.2 New provisions for council tax referendums were introduced by the Localism Act with effect from 2012/13 to replace capping. Whilst there was a tax freeze in 2012/13 and the Council would like to see this continue for 2013/14, funding provided by the Government involved a single one-off payment with no further grant payment being made over the Spending Review period. In anticipation of a continuation of the Council Tax Freeze Grant, a council tax freeze has been assumed for 2013/14. From 2014/15 onwards, a Council Tax increase at a rate of 2.5% per annum has been applied.
- 6.3 The Government are currently consulting on the new Business Rates Retention Scheme ahead of the 2013/14 local government finance report. Essentially it enables councils to keep a share of the business rate growth. It is proposed that the baseline level of funding would be set so that at the start of the system, the grant support would be the same as that currently awarded. From then on the funding would grow if the business rate base in the area grows but could fall if the business rate base declines. There are lots of issues still to be decided including the level below which the business rate income must fall before the Council is entitled to a safety net payment. The Government has indicated that this would be between 7.5 and 10 per cent. A reduction in government grant support, (traditionally paid as RSG/NNDR) of 10% for 2013/14 equates to £670,000 and in anticipation of further cuts to public spending, a 10% reduction in grant income year on year has been assumed.
- 6.4 The requirement for financial reserves is acknowledged in statute. The Local Government Finance Act 1992 requires billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The Council's minimum prudent level of balances, calculating the requirement at approximately 5% of the net revenue budget, is now £700,000. Balancing the annual budget by drawing on general reserves may be viewed as a convenient short-term option but where reserves are deployed to finance recurrent expenditure this should be made explicit by the Section 151 officer. **Members must note that the continued use of balances is not sustainable and a significant re-prioritisation exercise, whereby all services are subject to a critical evaluation, must be undertaken to alleviate serious financial problems in future years. The financial projections indicate that further annual savings will be required in future years.** It is important that the Council considers its future budgets and continues to monitor closely the MTFP. The value of reserves and balances, at the end of March 2012, and projected for the future can be seen at Appendix 3. The identification of earmarked reserves often takes account of risk assessments and contingency planning with funding being provided for known events such as the Borough Election and the rolling replacement of IT equipment and vehicles. The level of general balances also supports contingency planning and recognises anticipated future financial pressures on revenue resources and the difficulties of securing immediate savings. The Council's Policy on the Level of Reserves and Balances is included at Appendix 4.

6.5 The Council’s capital spending is constrained by the availability of appropriate resources including capital receipts, capital grants, borrowing and revenue funding. The Council has previously adopted a policy of ensuring that assets with the shortest charge life are financed from capital receipts rather than borrowing to minimise the revenue impact. The Council submits a variety of external funding bids, many of which are coordinated by the Regeneration team and all funding bids are agreed with Financial Services prior to submission. The Council has a good track record of securing external grants and continues to seek funding for major initiatives such as Rossall Seawall Improvement Works.

**7. Risk Assessment**

7.1 An assessment of the risks associated with the Medium Term Financial Plan (MTFP) has been carried out. This includes the likelihood, severity and level of risk together with the risk management procedures in place to control and monitor them. The guidance framework for Corporate Governance in local authorities highlights the need to have these risk management procedures in place.

The table below explains the scoring matrix that is used to calculate the level of risk.

Likelihood	Severity	Risk = Likelihood x Severity
Low (1)	Low (1)	1 – 2 = Low
Medium (2)	Medium (2)	3 – 4 = Medium
High (3)	High (3)	6 – 9 = High

Action to be taken after scoring is as follows:

- High = Review existing practices/proposed recommendations and act.
- Medium = Review control mechanisms.
- Low = Limited immediate action; continue to monitor.

7.2 Appendix 5 lists the major risks associated with the MTFP and the controls required to be in place to alleviate the risks.

**8. Executive Summary**

**8.1 Aims**

- To improve the quality of services through the strategic planning process and the targeting and prioritising of investment to meet local and national objectives.
- To provide a clear and consistent framework for financial decision-making and management at both the corporate and service level, subject to continuous monitoring to ensure its effectiveness.

**8.2 Delivery**

The Council strives to ensure that its resources:

- Continue to be guided by the key principles underpinning our corporate objectives and contribute effectively to their achievement, through Corporate Service and Financial Planning.



- Are robustly reviewed on a regular basis identifying potential efficiency savings.
- Add value to those provided by partners and other agencies in the Borough to provide joined up solutions.
- Optimise opportunities for corporate working across services and operational strategies, to achieve wider, defined objectives.
- Are not accepted as the only source of funding for services and continues to explore the possibility of attracting funding from external sources.
- Are supported by the achievement of maximum income levels in relation to fees and charges levied for services provided.
- Maximise and make best use of the Council's assets.

List of Appendices:

Appendix 1 – Revenue/Capital Growth Bid Form

Appendix 2 – Charging Policy

Appendix 3 – Summary Financial Forecast (including Reserves and Balances)

Appendix 4 – Policy on the Level of Reserves and Balances

Appendix 5 – Risk Assessment

# WYRE BOROUGH COUNCIL

## Bid for Revenue/Capital Growth 2013/14

<b>1.</b>	<b>Project/Scheme Title:</b>																																																
<b>2.</b>	<b>Portfolio:</b> Street Scene..... <input type="checkbox"/> Economy..... <input type="checkbox"/> Leisure & Culture..... <input type="checkbox"/> Neighbourhood Services <input type="checkbox"/> Resources..... <input type="checkbox"/>																																																
<b>3.</b>	<b>Project/Scheme Owner:</b> (Head of Service)																																																
<b>4.</b>	<b>General Description of the Scheme including details of how the project supports the Business Plan:</b>																																																
<b>5.</b>	<b>Identify the priority to which this request relates.</b> <i>(Please tick all that apply)</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"><b>A</b></td> <td><b>Pride in Our Places</b></td> <td></td> </tr> <tr> <td><b>A1</b></td> <td>We will boost enterprise, encourage investment and create jobs for local people</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>A2</b></td> <td>We will ensure our streets and public spaces are clean and tidy</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>A3</b></td> <td>We will work with partners to provide additional affordable homes</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>A4</b></td> <td>We will protect our borough against climate change</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>A5</b></td> <td>We will address poor housing and reduce the number of empty homes</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>B</b></td> <td><b>Pride in Our People</b></td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>B1</b></td> <td>We will support families in greatest need</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>B2</b></td> <td>We will work with partners to improve health and people's sense of wellbeing</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>B3</b></td> <td>We will maximise opportunities to increase people's job skills</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>B3</b></td> <td>We will work with partners to reduce already low levels of anti-social behaviour and crime</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>B4</b></td> <td>We will tailor our services to meet the needs of our communities</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>C</b></td> <td><b>Pride in Our Performance</b></td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>C1</b></td> <td>As one team we will focus our services on customer need</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>C2</b></td> <td>We will deliver savings year on year</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td><b>C3</b></td> <td>We will have an excellent reputation</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> </table>	<b>A</b>	<b>Pride in Our Places</b>		<b>A1</b>	We will boost enterprise, encourage investment and create jobs for local people	<input type="checkbox"/>	<b>A2</b>	We will ensure our streets and public spaces are clean and tidy	<input type="checkbox"/>	<b>A3</b>	We will work with partners to provide additional affordable homes	<input type="checkbox"/>	<b>A4</b>	We will protect our borough against climate change	<input type="checkbox"/>	<b>A5</b>	We will address poor housing and reduce the number of empty homes	<input type="checkbox"/>	<b>B</b>	<b>Pride in Our People</b>	<input type="checkbox"/>	<b>B1</b>	We will support families in greatest need	<input type="checkbox"/>	<b>B2</b>	We will work with partners to improve health and people's sense of wellbeing	<input type="checkbox"/>	<b>B3</b>	We will maximise opportunities to increase people's job skills	<input type="checkbox"/>	<b>B3</b>	We will work with partners to reduce already low levels of anti-social behaviour and crime	<input type="checkbox"/>	<b>B4</b>	We will tailor our services to meet the needs of our communities	<input type="checkbox"/>	<b>C</b>	<b>Pride in Our Performance</b>	<input type="checkbox"/>	<b>C1</b>	As one team we will focus our services on customer need	<input type="checkbox"/>	<b>C2</b>	We will deliver savings year on year	<input type="checkbox"/>	<b>C3</b>	We will have an excellent reputation	<input type="checkbox"/>
<b>A</b>	<b>Pride in Our Places</b>																																																
<b>A1</b>	We will boost enterprise, encourage investment and create jobs for local people	<input type="checkbox"/>																																															
<b>A2</b>	We will ensure our streets and public spaces are clean and tidy	<input type="checkbox"/>																																															
<b>A3</b>	We will work with partners to provide additional affordable homes	<input type="checkbox"/>																																															
<b>A4</b>	We will protect our borough against climate change	<input type="checkbox"/>																																															
<b>A5</b>	We will address poor housing and reduce the number of empty homes	<input type="checkbox"/>																																															
<b>B</b>	<b>Pride in Our People</b>	<input type="checkbox"/>																																															
<b>B1</b>	We will support families in greatest need	<input type="checkbox"/>																																															
<b>B2</b>	We will work with partners to improve health and people's sense of wellbeing	<input type="checkbox"/>																																															
<b>B3</b>	We will maximise opportunities to increase people's job skills	<input type="checkbox"/>																																															
<b>B3</b>	We will work with partners to reduce already low levels of anti-social behaviour and crime	<input type="checkbox"/>																																															
<b>B4</b>	We will tailor our services to meet the needs of our communities	<input type="checkbox"/>																																															
<b>C</b>	<b>Pride in Our Performance</b>	<input type="checkbox"/>																																															
<b>C1</b>	As one team we will focus our services on customer need	<input type="checkbox"/>																																															
<b>C2</b>	We will deliver savings year on year	<input type="checkbox"/>																																															
<b>C3</b>	We will have an excellent reputation	<input type="checkbox"/>																																															
<b>6.</b>	<b>What are the links to Asset Management in terms of whole life costing (eg: have you taken into account backlog maintenance, future maintenance requirements over the life of the scheme, energy consumption, etc)?</b>																																																

7. What other options have been considered and what are the implications of the scheme not proceeding?

8. Has any consultation taken place or is any planned?

9. Promotion of the Equality Strategy i.e. Improving Equality of Access or outcome (please tick if applicable and provide some brief details in support of this claim)

10. Please indicate the measure/target which will be used to assess achievement.

11. How does the scheme deliver Value for Money?

12. Estimated Cost

£

2013/14

\_\_\_\_\_

2014/15

\_\_\_\_\_

2015/16

\_\_\_\_\_

2016/17

\_\_\_\_\_

Future Years (Please Specify)

\_\_\_\_\_

Total

=====

Please indicate below if there are any associated ongoing revenue implications, including both part and full year effects together with the year in which additional costs would commence, and whether these can be contained within existing budgetary provisions.

\_\_\_\_\_

13. Ability to earn income: Please detail below how the scheme has the ability to attract external funding or additional income from fees and charges?

14. Risk Factor: Indicator of Risk should the bid be refused

5	=	Very High Risk
4	=	High Risk
3	=	Med Risk
2	=	Low Risk
1	=	Very Low Risk
0	=	No Risk

\_\_\_\_\_



# Charging Policy 2013/14

Wyre Council  
Civic Centre  
Breck Road  
Poulton-le-Fylde

September 2012

---

# Charging Policy 2013/14

## 1. Background

- 1.1 The Cabinet last formally considered its charging policy at its meeting on the 14 September 2011.
- 1.2 In September 1999 the Audit Commission published “The Price is Right” which advised Councils to focus attention on charges and addresses the following issues:
- Establish clear principles for charging;
  - Integrate charging into service management and forge links with corporate objectives;
  - Set clear objectives and targets to qualify success in charging;
  - Build an understanding of users and markets;
  - Improve decision making by taking into account the likely impact of changes to charges; and
  - Innovate via imaginative use of charging structures.
- 1.3 More recently, in January 2008, the Audit Commission published a further report entitled “Positively Charged”, which identified how different councils' use their powers to charge for services and draws conclusions that support their earlier publication in that:
- Charging for local services makes a significant contribution to council finances and for district councils charges make the greatest contribution to service delivery;
  - Councils use charges to influence individuals' choices and to bring benefits to local communities. Charges can be set to encourage or discourage people to use services and through concessions to pursue local objectives; and
  - Councils need to understand better the likely impact of charges on users and on patterns of service use.
- 1.4 The report recommends, amongst other things, that where there is a subsidy to provide a service, this is transparent as part of the decision making process; that service managers should be aware of both users and non-users of the service being charged for; to engage service users and taxpayers more in decisions about charging levels and that there should be regular debate on charges and charging policy.
- 1.5 The level of income generated by fees and charges, and in particular projected increases which the Council can influence, forms a key part of the Council's financial planning and is therefore reflected in the Medium Term Financial Plan.

## 2. The Council's Policy

- 2.1 The Council needs to maximise its income whilst ensuring that its services are not compromised, taking into account competition from other providers. Indeed, if services are subsidised purely to maintain a competitive price then a fundamental review of the service should be carried out resulting in the justification of the approach or recommending alternative action.

- 2.2 One of the Council's key priorities is to have an excellent reputation and would therefore aim to consult local people and communities on charging policies as appropriate. Information obtained from satisfaction surveys can also help to monitor performance.
- 2.3 The reasoning behind both service provision and the charge levied should be justified each time that charges are re-assessed. For example, there may well be a desire to use a charging policy to meet other objectives such as increasing usage of recreational assets.
- 2.4 Decisions regarding pricing should be taken in the full knowledge of the pricing policies of alternative providers and information should be provided to ensure that Members are sufficiently briefed.
- 2.5 Clear targets should be set for income levels in advance of any review of pricing and achievement of these targets should be monitored using the Council's established performance management arrangements.
- 2.6 When considering pricing policies Service Managers should be encouraged to be innovative and flexible in determining the basis for the charge.

### **3. Impact**

- 3.1 The table attached identifies the range of services for which the Council currently levies a charge and the value of the income estimated for the current year. The table also details those areas where the fee is externally set, as is currently the case with Planning Fees, or where we must ensure a break-even position, with the charge being set at a level sufficient to recover associated costs.

Table 1

**Charging Policy**

<b>Service Area</b>	<b>Determined by WBC √ or X</b>	<b>Estimated Value 2012/13 £</b>	<b>Able to Influence £</b>	<b>Unable to Influence £</b>
<u>Economy</u>				
Building Control	X	213,000		213,000
Planning	X	400,000		400,000
Development Control	√	5,550	5,550	
Fleetwood Market *	√	756,470	756,470	
	<b>Sub Total</b>	<b>1,375,020</b>	<b>762,020</b>	<b>613,000</b>
<u>Leisure &amp; Culture</u>				
Cemeteries	√	205,780	205,780	
Community Centres	√	9,000	9,000	
Marine Hall	√	90,000	90,000	
Thornton Little Theatre	√	29,870	29,870	
Marsh Mill	√	420	420	
Countryside	√	10,450	10,450	
Wyre Estuary Country Park	√	610	610	
Outdoor Leisure	√	9,840	9,840	
Leisure Centres (including pools) **	√	0	0	
	<b>Sub Total</b>	<b>355,970</b>	<b>355,970</b>	
<u>Neighbourhood Service</u>				
Car Parking	√	762,520	682,520	80,000
Residents Parking Permits	√	22,000	22,000	
Renovation Grants (Fee Income)	√	99,630	99,630	
Care & Repair (Fee Income)	√	4,000	4,000	
Animal Licensing	√	5,650	5,650	
Taxi Licensing	√	118,370	118,370	
Other Licensing ***	√	8,430	8,430	
Other Licensing ***	X	115,200		115,200
Pest Control	√	43,350	43,350	
Food Safety	√	6,770	6,770	
Pollution Prevention Control	X	17,000		17,000
	<b>Sub Total</b>	<b>1,202,920</b>	<b>990,720</b>	<b>212,200</b>
<u>Resources</u>				
Land Charges	X	80,000		80,000
Electoral Services	√	1,800	1,800	
National Non-Domestic Rates (Court Costs)	√	20,110	20,110	
Council Tax (Court Costs)	√	234,000	234,000	
Credit Card Administration Fee	√	4,890	4,890	
Hire of Committee Rooms	√	23,490	23,490	
	<b>Sub Total</b>	<b>364,290</b>	<b>284,290</b>	<b>80,000</b>
<u>Street Scene</u>				
Dog Warden	√	9,000	9,000	
Trade Waste: Collection Charges (Including white sacks)	√	37,900	37,900	
Bulky Domestic Waste	√	49,460	49,460	
	<b>Sub Total</b>	<b>96,360</b>	<b>96,360</b>	
	<b>Total</b>	<b>3,394,560</b>	<b>2,489,360</b>	<b>905,200</b>

\* Fleetwood Market Rents are set under Officer Delegated Powers

\*\* Involved in agreeing charges but income retained by contractor

\*\*\* WBC is able to influence ear piercing, performance of plays, public entertainment, second hand goods dealers and street trading licences but unable to influence premises, personal, cinematography, game dealers, gaming machines, late night refreshments, lottery and gaming and motor salvage operators' licences.

**MEDIUM TERM FINANCIAL PLAN - SUMMARY FINANCIAL FORECAST**

**Appendix 3**

<u>Revenue Budgets</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	£'000	£'000	£'000	£'000
Base Borough Requirements, increased for prior year inflation, but <b>excluding Use/Top-up of Balances (shown below) £'000.</b>	14,576	14,473	14,802	15,172
<b><u>Inflationary Assumptions on the above Base £'000</u></b>				
Pay - 0% 12/13 and 2% each year from 13/14 onwards	-103	207	208	211
Prices, Specific Contracts (Variable)/Energy (0%),Other costs (3%).		122	162	207
<b><u>Expected Future Changes on the above Base £'000</u></b>				
Revenue changes and 11/12 slippage met by improved Balances.	200	31	23	15
Capital Programme revenue implications.	103	22	28	28
Employee and related cost - Pension contributions; Protection; FTCs; Grant Aided schemes ending and restructures.	-83	-176	-28	30
External Grant and Grant Aided schemes - Benefit Recession; PCT; Performance Reward Initiatives; NNDR; Rent Allowances; Council Tax Localisation Administration; Big Lottery; Public Realm and LSP/LCC.	-13	218	198	200
Police Community Support Officer initiatives.	0	-110	-110	-110
Other Services including - Borough Elections; Land Charges; Citizens Advice Bureau; Commuted Sums; Air Pollution; Marsh Mill; IT; Civic Centre; Catering; Community activities and Fees and Charges income.	111	-153	-87	39
Regeneration/Economic situation changes - Building Control; Local Development Framework; Depots; Parking and Fleetwood Market.	189	53	17	-2
Waste Management - LCC/contractor changes and Street Cleansing.	-200	-229	-262	-297
Capital Programme, cost of Borrowing and Investment Interest.	0	-37	-50	-50
Capital Programme, Revenue contributions.	839	-2,437	-2,421	-2,444
Reserve Contribution Changes.	-759	843	1,146	765
<b>Area Based External Government Grants £'000.</b>	-68	0	0	0
<b>Council Tax 12/13 Freeze External Grant Government Grant £'000.</b>	-176	0	0	0
<b>New Homes Bonus Government Grant £'000.</b>	-419	-419	-419	-419
<b>Council Tax 11/12 Freeze External Grant Government Grant £'000 (merged with Formula Grant below).</b>	-177	-177	-177	0
<b>RSG/NNDR - External Government Support £'000.</b>	-6,694	-6,024	-5,421	-4,880
<b>(13/14 and 14/15 RSG/NNDR support assumed to reduce by 10% p.a.)</b>				
<b>Collection Fund Adjustment £'000.</b>	5	0	0	0
<b>Net Wyre Requirement met by Council Tax and Balances £'000.</b>	7,331	6,207	7,609	8,465
<b>Base 12/13 and Forecast Cost met by Council Tax £'000.</b>	<b><u>7,047</u></b>	<b><u>7,047</u></b>	<b><u>7,223</u></b>	<b><u>7,403</u></b>
<b>Net Spending change i.e. need to Use/ Top Up (-) Balances £'000.</b>	284	-840	386	1,062

	£	£	£	£
Balances as at 1 April.	4,226,930	3,942,780	4,782,350	4,396,463
Add Top Up of Balances in Base.	0	839,570	0	0
Less Use of Balances.	-284,150	0	-385,887	-1,062,276
Balances estimated Surplus / Deficit (-) at 31 March.	3,942,780	4,782,350	4,396,463	3,334,187
<b>NB Prudent level of Balances £700,000.</b>				

Tax Base, assumed no annual increase.	39,113	39,113	39,113	39,113
Forecast Council Tax £ p.	£180.16	£180.16	£184.66	£189.28
Annual Council Tax Increase %.	0%	0%	2.5%	2.5%
1% variation on Council Tax = £	£70,466	£70,466	£72,227	£74,034

**RESERVES AND BALANCES STATEMENT**

Appendix 3 continued

	Actual Balance at 01/04/2012 £	' Top-up' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2013 £
<b><u>2012/13 LATEST ESTIMATE INCLUDING OUTTURN 2011/12 AND SLIPPAGE</u></b>				
Reserves				
Building Control	5,808	17,250	0	23,058
Business Growth Incentive	318,973	0	-318,973	0
Capital Investment	2,855,556	1,606,851	-2,594,172	1,868,235
Community Safety	110,000	0	-50,000	60,000
Elections	0	39,250	0	39,250
Investment - I.T. Strategy	421,134	290	-138,399	283,025
Land Charges	49,896	0	-15,740	34,156
Leisure Management	185,468	0	-82,060	103,408
New Homes Bonus	271,597	418,966	0	690,563
Pension Fund Actuarial Review	365,000	0	-180,000	185,000
Performance Reward Initiatives	583,357	0	-51,731	531,626
Planning Development	78,420	0	-78,420	0
Value for Money	352,280	81,010	-8,415	424,875
Vehicle Replacement	559,964	151,809	-365,728	346,045
	<u>6,157,453</u>	<u>2,315,426</u>	<u>-3,883,638</u>	<u>4,589,241</u>
Balances				
General	4,226,930	0	-284,150	3,942,780
<b>TOTAL</b>	<b><u>10,384,383</u></b>	<b><u>2,315,426</u></b>	<b><u>-4,167,788</u></b>	<b><u>8,532,021</u></b>

Note.£259,911 of the Performance Reward Initiatives 31/03/13 balance is ring-fenced for Capital purposes

**RESERVES AND BALANCES STATEMENT - Continued**

	Estimated Balance at 01/04/2013 £	' Top-up' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2014 £
<b><u>2013/14 LATEST ESTIMATE INCLUDING OUTTURN 2011/12 AND SLIPPAGE</u></b>				
Reserves				
Building Control	23,058	0	0	23,058
Capital Investment	1,868,235	40,862	-458	1,908,639
Community Safety	60,000	0	0	60,000
Elections	39,250	39,250	0	78,500
Investment - I.T. Strategy	283,025	31,390	-63,221	251,194
Land Charges	34,156	0	0	34,156
Leisure Management	103,408	0	0	103,408
New Homes Bonus	690,563	418,966	-176,166	933,363
Pension Fund Actuarial Review	185,000	0	-185,000	0
Performance Reward Initiatives	531,626	0	-17,500	514,126
Value for Money	424,875	0	0	424,875
Vehicle Replacement	346,045	198,952	-254,228	290,769
	<u>4,589,241</u>	<u>729,420</u>	<u>-696,573</u>	<u>4,622,088</u>
Balances				
General	3,942,780	839,570	0	4,782,350
<b>TOTAL</b>	<b><u>8,532,021</u></b>	<b><u>1,568,990</u></b>	<b><u>-696,573</u></b>	<b><u>9,404,438</u></b>

Note.£259,911 of the Performance Reward Initiatives 31/03/14 balance is ring-fenced for Capital purposes

**RESERVES AND BALANCES STATEMENT - Continued**

Appendix 3 continued

	Estimated Balance at 01/04/2014 £	' Top-up' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2015 £
<b>2014/15 LATEST ESTIMATE</b>				
<b>OUTTURN 2011/12 AND SLIPPAGE</b>				
Reserves				
Building Control	23,058	0	0	23,058
Capital Investment	1,908,639	208,350	0	2,116,989
Community Safety	60,000	0	0	60,000
Elections	78,500	39,250	0	117,750
Investment - I.T. Strategy	251,194	78,720	-191,460	138,454
Land Charges	34,156	0	0	34,156
Leisure Management	103,408	0	0	103,408
New Homes Bonus	933,363	418,966	-176,166	1,176,163
Performance Reward Initiatives	514,126	0	0	514,126
Value for Money	424,875	0	0	424,875
Vehicle Replacement	290,769	228,631	-270,352	249,048
	<u>4,622,088</u>	<u>973,917</u>	<u>-637,978</u>	<u>4,958,027</u>
Balances				
General	4,782,350	0	-385,887	4,396,463
<b>TOTAL</b>	<b><u>9,404,438</u></b>	<b><u>973,917</u></b>	<b><u>-1,023,865</u></b>	<b><u>9,354,490</u></b>

Note.£259,911 of the Performance Reward Initiatives 31/03/15 balance is ring-fenced for Capital purposes

	Estimated Balance at 01/04/2015 £	' Top-up' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2016 £
<b>2015/16 LATEST ESTIMATE</b>				
Reserves				
Building Control	23,058	0	0	23,058
Capital Investment	2,116,989	0	0	2,116,989
Community Safety	60,000	0	0	60,000
Elections	117,750	39,250	-157,000	0
Investment - I.T. Strategy	138,454	77,625	-57,760	158,319
Land Charges	34,156	0	0	34,156
Leisure Management	103,408	0	0	103,408
New Homes Bonus	1,176,163	418,966	-352,855	1,242,274
Performance Reward Initiatives	514,126	0	0	514,126
Value for Money	424,875	0	0	424,875
Vehicle Replacement	249,048	234,464	-247,920	235,592
	<u>4,958,027</u>	<u>770,305</u>	<u>-815,535</u>	<u>4,912,797</u>
Balances				
General	4,396,463	0	-1,062,276	3,334,187
<b>TOTAL</b>	<b><u>9,354,490</u></b>	<b><u>770,305</u></b>	<b><u>-1,877,811</u></b>	<b><u>8,246,984</u></b>

Note.£259,911 of the Performance Reward Initiatives 31/03/16 balance is ring-fenced for Capital purposes

## Appendix 3 Continued

### Notes and Key Messages

The Summary Financial Forecast and the Reserves and Balances Statement (as appropriate) reflect, as the notes indicate, the following main items:-

- 1) The effect of the favourable 2011/12 outturn, including revenue slippage from 2011/12 to 2012/13, as reported to Audit Committee on 26 June 2012.
- 2) The slippage of some Capital Budgets from 2011/12 to 2012/13 and subsequent Member approved changes including rephasing of the 2012/13 and future years' Capital Programme.
- 3) By utilising the Capital Investment Reserve instead of borrowing in 2012/13 major revenue savings have been achieved which in turn have been reinvested into the Capital Investment Reserve.
- 4) Provision for support to the Police Community Support Officers is now up to 31 March 2013.
- 5) Efficiencies of £1,407,000 ongoing savings have been achieved to-date and incorporated into the latest MTFP with a few further restructures under consideration. These savings are on top of the £343,000 savings from the Senior Management restructure in 2011.
- 6) The most recent pay award which is also used to uplift Members' Allowances was implemented 1 April 2009. The MTFP assumes a 2% increase in 2013/14 and future years.
- 7) The recent review of the Street Cleansing contract is to be reported to Members in October 2012 and the anticipated annual saving of approximately £200K from 2012/13 has been reflected in the MTFP.
- 8) The Government has indicated that the prescribed Planning Fees will increase by 15% in the Autumn 2012. Using the original estimate for 2012/13 this would equate to an additional £60,000 p.a. but with Planning income falling below budget in 2011/12 and the continuing economic uncertainty, no provision for additional income has been included at this stage. Future implications could vary widely in respect of the revocation of the Land Charge Personal Search fee; the introduction of Universal Credit; Housing and Council Tax Benefit administration changes and the Local Government Resource Review including proposals for Business Rates retention.
- 9) The Performance Reward monies of £549,000 will be utilised to deliver the Locality Plans developed as part of the Neighbourhood Engagement Strategy, with £514,000 remaining after the ReWyred Business support project.
- 10) The forecasts exclude any Community Benefit receipt relating to a proposed power station at Fleetwood as legal issues still have to be resolved before any consideration by the Secretary of State.
- 11) No adjustment has been made for any changes that may result from the 2012/13 LCC review of the Property Based Payment (Cost sharing) mechanism. The review has commenced and was expected to impact from 2014 but options, possibly effective from 2013/14, from LCC are expected soon that will need to be considered.

### Budget Sensitivities

There are a number of Service areas that are demand led and/or take-up is influenced by the state of the economy for which Budget variations are difficult to control. These include:-

- 1) Benefit Payments - A major Service with costs around £31M including administration but excluding Council Tax Benefit which ends 31 March 2013. Take-up, regulatory changes, fraud, overpayments recovery and grant entitlements all impact on the Budget. The current economic climate will make this an even more sensitive area.
- 2) Fleetwood Marsh Development – any variation in the forecast excess tipping income of £150K in addition to the base Royalties of £200K or renegotiation of the existing Agreement could impact on the life of the site which may only have spare capacity up to 2020.
- 3) Building Control and Planning Development - income levels are significant and subject to fluctuations in take-up.
- 4) Car Parking – a reduction in usage has occurred in recent years and the latest projection reflects this continuing.



# Policy on the Level of Reserves and Balances

Wyre Council  
Civic Centre  
Breck Road  
Poulton-le-Fylde

September 2012

---

# Policy on the Level of Reserves and Balances

## 1. Legislative/Regulatory Framework

- 1.1 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 1.2 There is also a requirement reinforced by section 114 of the Local Government Finance Act 1988 which requires the chief financial officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

## 2. Role of the Finance Director

- 2.1 Within the existing statutory and regulatory framework, it is the responsibility of the finance director (Corporate Director of Resources) to advise the local authority about the level of reserves that should be held and to ensure that there are clear protocols for their establishment and use.
- 2.2 There are no statutory minimum levels imposed and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA), or other external agencies, to give prescriptive guidance on the minimum, or maximum, level of reserves required either as an absolute amount or a percentage of the budget.

## 3. Types of Reserves

- 3.1 Reserves can be held for three main purposes:
  - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves and is commonly referred to as 'balances';
  - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves or 'balances';
  - A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.
- 3.2 For each reserve held by a local authority there should be a clear protocol setting out:
  - The reason for/purpose of the reserve;
  - How and when the reserve can be used;
  - Procedures for the reserve's management and control; and
  - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

## 4. Principles to Assess Adequacy

- 4.1 Setting the level of general reserves is just one of several related decisions in the formulation of the medium term finance plan and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority the following factors should be considered:

### **Budget Assumptions**

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings/gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

### **Financial Standing and Management**

- The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates, etc.)
  - The authority's track record in budget and financial management including the robustness of the medium term financial plans
  - The authority's capacity to manage in-year budget pressures
  - The strength of the financial information and reporting arrangements
  - The authority's virement and end of year procedures in relation to budget under/over spends at authority and departmental level
  - The adequacy of the authority's insurance arrangements to cover major unforeseen risks.
- 4.2 The Council's minimum prudent level of balances, calculating the requirement at approximately 5% of the net revenue budget, is now £700,000. This is reviewed annually as part of the budget process.
- 4.3 A review of the level of earmarked reserves is also undertaken as part of the annual budget preparation and as part of the closure of accounts process. The Council does not regularly monitor the opportunity costs of maintaining its levels of earmarked reserves as these are generally not held as a form of investment but to meet a recognised need.

## 5. Reporting Framework

- 5.1 The level and utilisation of reserves is determined formally by Cabinet in September and February informed by the advice and judgement of the finance director.
- 5.2 The annual budget report in February/March includes a statement showing the estimated opening general reserve fund balance for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. A statement is also included commenting on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the authority's medium term financial plan.

5.3 A statement is also included, as part of the budget report, identifying earmarked reserves, the opening balances for the year, planned additions/withdrawals and the estimated closing balance.

## 6. Reserves Protocol

Reserve as at 31.03.12	Purpose	How and When Used	Procedures for management and control	Timescale for review
Building Control	Fundamental principle of the Building Regulations Scheme introduced 1 April 1999, subsequently amended by the 2010 Regulations.	5 year rolling accounting period over which costs should equate with charge income.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Business Growth Incentive Scheme	Incentive scheme both rewarding and facilitating growth.	Used to raise the prosperity of all communities and release the economic potential of every area.	Managed by the Corporate Director of Resources	Annually and subject to individual reports on proposals for usage.
Capital Investment	To fund capital investment avoiding the need to borrow.	Used to finance the council's capital investment needs.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Community Safety	Originally to fund the continuation of the Police Community Support Officers but now for community initiatives	Originally 20 officers at £11,000 each * 3 years but now allocated for community initiatives such as the Olympic Torch Relay.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Elections	To meet the cost of the Borough Election	Used to smooth the impact of the Borough Election which occurs every 4 years and is next due in May 2015.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
IT Investment	Rolling Replacement Reserve established to renew IT equipment in accordance with the IT Plan.	Used to smooth the revenue impact of ensuring that the IT infrastructure and equipment remains 'fit for purpose'.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.

<b>Reserve as at 31.03.12</b>	<b>Purpose</b>	<b>How and When Used</b>	<b>Procedures for management and control</b>	<b>Timescale for review</b>
Land Charges	Fundamental principle of the Local Authority (Charges for Property Searches) Regulations 2008 introduced 1 April 2009.	3 Year accounting period over which costs should equate with charge income. This will also meet the personal search revocation implications.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Leisure Management	To meet the Council's share of the cost of Leisure Management in excess of the agreed target cost.	Partnering arrangement whereby the partners share financial risk and reward – See Legal Agreement.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
New Homes Bonus	To encourage local authorities to facilitate housing growth.	Bonus for 2011/12 and 2012/13 retained to support the shortfall in income resulting from the 2 year freeze in the level of council tax through to 2020/21.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Pension Fund Actuarial Review	Increased pension costs.	Used to cushion the impact on the revenue account of the increased pension contributions payable following the 3 yearly actuarial review.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Performance Reward Initiatives	To assist the delivery of locality plans.	Used to support the delivery of the locality plans developed as part of the Shaping Your Neighbourhood Initiative.	Managed by the Corporate Director of Resources	Annually and subject to individual reports on proposals for usage.
Planning Development	Improvements in planning performance.	Funded by Planning Development Grant and used to improve performance in planning services via additional staffing resources and new IT facilities.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Value For Money (VFM)	Invest to save projects	Originally created to fund VFM initiatives, which may incur up-front costs and now incorporates supplementary grants awarded for the administration of council tax, NNDR and housing and council tax benefit.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.
Vehicle Replacement	Replacement of the Council's vehicle fleet.	Funding to meet current and anticipated vehicle/plant requirements - ultimately charging the cost to revenue over the life of the asset and avoiding the need to borrow.	Managed by the Corporate Director of Resources	Undertaken as part of the annual budget preparation, the updating of the Medium Term Financial Plan and as part of the closure of accounts process.

**Appendix 5**

Type of Risk	Likelihood	Severity	Level of Risk	Control	Review	Responsible	Reports To
Financial Forecast is wrong.	Low (1)	High (3)	Medium (3)	Review the base budget and adjust for known and likely variations impacting on the forecast.	Ongoing	Head of Finance	Management Board; Cabinet.
Expenditure greater than budget.	Low (1)	High (3)	Medium (3)	Budget monitoring of revenue spend. Budget monitoring of capital spend. 3-Year Financial Forecast.	Monthly  Quarterly  6 Monthly	Cost Centre Managers; Financial Services  Spending Officers and Head of Finance Head of Finance	Management Board  Cabinet  Management Board
Unforeseen expenditure, new schemes/initiatives.	Low (1)	High (3)	Medium (3)	Maintenance of a general contingency and review of priorities.	Ongoing	Head of Finance	Management Board
Over dependence on use of reserves and balances.	Low (1)	Medium (2)	Low (2)	Compliance with CIPFA guidance on local authority reserves and balances. Adequacy assessed as part of budget process, MTFP and closure of accounts.	Ongoing	Corporate Director of Resources (S151 Officer)	Cabinet; Council.
Income targets not achieved due to economic climate impacting on demand.	High (3)	Medium (2)	High (6)	Risk assessment of major income generators during budget preparation – realistic targets built into budget. Regular monitoring of income as part of budget monitoring.	Annually  Monthly	Financial Services	Management Board; Cabinet.
Budget savings not achieved/unrealistic savings.	Low (1)	High (3)	Medium (3)	Regular review as part of budget monitoring.	Monthly	Management Team	Management Board
Income from investments is lower than expected.	Low (1)	Low (1)	Low (1)	Budget monitoring.	Monthly	Head of Finance	Management Board; Cabinet.
Changes in Government Funding e.g. reduced level of Revenue Support Grant.	High (3)	High (3)	High (9)	Review of other options for funding, assessment of priorities and impact on MTFP.	Ongoing	Corporate Director of Resources (S151 Officer)	Management Board
Changes to Local Government Finance resulting from Business Rates Retention Scheme e.g. loss of income before safety net kicks in, increase in tariff, levy payable, etc.	High (3)	High (3)	High (9)	Close monitoring of new arrangements.	Ongoing	Corporate Director of Resources (S151 Officer) and Head of Finance	Management Board

Type of Risk (Cont'd)	Likelihood	Severity	Level of Risk	Control	Review	Responsible	Reports To
Potential volatility of the fuel market adding further increases to fuel, heating and lighting.	Med (2)	Medium (2)	Medium (4)	Close monitoring of revenue spend. Re-negotiation of energy contracts when they fall due.	Monthly	Head of Finance	Management Team
New methods of charging for services e.g. surface water.	High (3)	Medium (2)	High (6)	Close monitoring of new arrangements.	Ongoing	Head of Finance	Management Board
Potential volatility concerning aspects of the new Localised Council Tax Support Scheme e.g. caseload, collection rates, etc.	High (3)	Medium (2)	High (6)	Close monitoring of new arrangements.	Ongoing	Corporate Director of Resources (S151 Officer) and Head of Finance	Management Board