

**WREXHAM COUNTY BOROUGH COUNCIL**

**2010/11 BUDGET**

**Report of  
Chief Finance & Performance Officer**

**BACKGROUND**

1. The local authority budget planning process in Wrexham, as elsewhere, requires an early view to be taken about the Council's budget prospects based on national economic indicators and government planning totals for local authority spending.
2. The budget planning process for 2010/11 was agreed in April 2009 and following a review of the Council's financial prospects in July 2009, service departments were asked to identify service savings of 3% (schools 1.5%) and to provide details of any anticipated "exceptional" pressures.
3. The medium term financial plans were developed using the following parameters:
  - An assumed cash spending increase of 3.6% in 2010-11, followed by cash increases of 0% in 2011-12 and 2012-13.
  - Estimated inflation assumptions:
    - Teachers' pay award of 2.3% for 2010-11, 1% for 2011-12 and 2012-13.
    - Non-teachers' pay award of 0% for 2010-11, and 1% for 2011-12 and 2012-13.
    - Price increases of around 2% for 2010-11, 2.5% for 2011-12 and 3% for 2012-13.
  - That the unhypothecated Improvement Agreement grant will be received in all three years.
4. The three year budget plans have been used as a basis for calculating the prudential indicators as described later in the report. The medium term financial plan will need to be reviewed on a periodic basis.

**Review of the Current Year 2009/10**

5. The budget for the year was cash limited at £200,798,095.
6. The budget has been closely monitored and controlled during the year in accordance with the procedures approved by Council. A number of service pressures and increased costs were identified early in the financial year and it was agreed by the Executive Board that action should be taken by officers to control spending and to keep service spending within the approved cash limited budget totals.
7. All budgets will continue to be carefully scrutinised in accordance with the agreed procedures and the actual outturn will be reported in the summer. In accordance with the rules of cash limited budgeting, any over or underspending may be carried forward to 2010/11.

## **Assembly's Revenue Settlement**

8. The grant allocation for individual authorities is dependant on the standard spending assessment (SSA) formula. For 2010/11 there were no significant changes to the formula.
9. The WAG announced its provisional revenue settlement details for local authorities on 13 October 2009. The provisional settlement gave local authorities on average a 2.1% grant increase, which was the lowest increase since devolution. Given the collapse of the public finances it was acknowledged by the Welsh Local Government Association that much worse would follow between 2011 and 2014. WAG announced its final revenue settlement for 2010/11 on 8 December 2009 and was broadly unchanged on the provisional settlement.
10. The Local Government Finance Act 1992 gives the Minister for Social Justice and Local Government, power to limit or cap the budget requirement of any local authority, which he considers to be excessive. The Minister has made no announcement relating to assumptions about the Council's spending level for 2010/11. The Council's standard spending assessment, the notional assessment for grant distribution purposes of the Council's need to spend on its services, totalled £208,588,671.

## **2010/11 Budget**

11. The budget for next year as outlined on page (vii) has been built up in accordance with the framework agreed by Council. The budget in the current year (i.e. the cash limited budget amended for virement) has been adjusted for the cost of inflation, unavoidable commitments, service pressures and savings.
12. The total net revenue expenditure is estimated at £208,296,174 and represents an increase of £7,255,909 (3.61%) of the current year's adjusted net revenue budget. Page (vii) also demonstrates the Council's budget requirement at £206,931,607.
13. It is a requirement of the Local Government Act 2003 that I should report to members on the robustness of the estimates made for the purpose of calculating the net budget requirement. I should therefore draw your attention to a number of key risk areas that I have identified in the budget and how these may be managed. These are outlined on page 24. Issues relating to these key risks will be reported to members during the forthcoming year as necessary as part of the budget monitoring and control procedures.

## **Reserves and Balances**

14. A local authority requires a prudent level of working balances to maintain adequate cash flow, especially during the first part of the financial year prior to the receipt of council tax income, and to meet unforeseen expenditure.
15. There are no planned contributions to balances for 2010/11. However, I am satisfied that the level of balances and reserves is adequate for the forthcoming financial year and the authority's medium term financial strategy.

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16. There is still some uncertainty in the budget relating to pay awards which have yet to be settled and also the impact of interest rate reductions on the Council's investment income budget.
17. An analysis of the Council's key estimated earmarked reserves and balances for the year ahead is as follows:

	<b>Actual Balance at 1 April 2009 £k</b>	<b>Estimated Balance at 1 April 2010 £k</b>	<b>Movement in year £k</b>	<b>Estimated Balance at 31 March 2011 £k</b>
Council Fund balance	6,952	6,513	0	6,513
School Balances	1,975	1,975	0	1,975
Service Reserves	1,144	497	(312)	185
Other Earmarked Reserves	12,603	11,082	(1,800)	9,282
<b>Total Balances and Reserves</b>	<b>22,674</b>	<b>20,067</b>	<b>(2,112)</b>	<b>17,955</b>

18. The estimated balances at 1 April 2010 in the table above are based on the best estimates available at the time of writing the report. The movement in the Council Fund balance includes the reported position in the current year (CFPO/04/10). The reported position will change following the closure of the 2009-10 accounts and will be reported to members as part of the outturn report after the end of the financial year. Of the 2010/11 in year planned movement on service reserves of £312k none will be used to fund recurrent expenditure.
19. The above analysis does not assume any use of general balances for back pay liabilities following the Single Status and Equal Pay review. If these or any other liabilities exceeded the earmarked allocations then clearly these general balances would be called on.

## **Income**

20. **Revenue Income Support Grant** – The County Borough's share of the final Revenue Support Grant has been set at £125,114,269.
21. **Business Rates** – The Assembly has set the business rate poundage for 2010/11 at 40.9p in the £. The County Borough's share of national non-domestic rate income in 2010/11 is £37,293,748.
22. **Improvement Agreement Grant** – This grant has been distributed to all local authorities on the basis of current standard spending assessments and this Council's share is £1,284,567.
23. In total the Council will receive general grants from the WAG of £163,692,584.

## **Council Tax**

24. After taking account of the general grants and contribution from balances, the balance of net expenditure totalling £44,603,590 remains to be funded by council taxpayers.
25. It is proposed to charge as a special expense part of the cost of footway lighting to the four community areas within the town (£4.04 at band D).
26. After adjusting for special expenses of £64,805 the balance to be found as general expenses from council taxpayers is £44,538,785.
27. The council tax base calculation was agreed by the Executive Board on 17 November 2009 for 2010/11, as 51,614 band D equivalent properties after allowing for:
- band reductions for the disabled
  - exempt properties
  - single occupier discounts
  - double discounts on unoccupied properties
  - factors to reflect the relative charge at different bands
  - the estimated collection rate
  - contributions in lieu from Ministry of Defence

The overall tax base is built up from the same calculations for each of the 34 community areas and the “band D equivalents” are shown on page (viii).

28. Dividing the balance of net expenditure (£44,538,785) by the tax base of 51,614 will give a £862.92 charge to be borne by a full-paying household whose home is valued at band D. For band A property the charge is six ninths of this figure through to band I properties where the charge is twenty one ninths of the band D figure. In many cases these figures will be adjusted for disabled and other discounts and, of course, for council tax benefit.
29. Page (viii) sets out the council tax rate for the band D taxpayer for each community council area and shows that when the police authority’s precept is included, the total average council tax at band D for 2010/11 is £1,100.55.

## **Prudential Indicators**

30. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code of Practice requires the Council to adopt indicators, which demonstrate that the Council’s capital plans are affordable, prudent and sustainable. The prudential indicators are outlined on page 25.

## **CONCLUSION**

31. The Assembly’s financial settlement for 2010/11 only provides the capacity for the Council to set a budget which includes unavoidable commitments and limited service spending pressures. However, every effort has again been made to protect social care services and schools during the preparation of the budget.

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32. The Local Government Act 2003 requires the Council to monitor its budget and to take appropriate action. The budget will therefore require close monitoring and control during the year and the financial position will need to be kept continuously under review.
33. Finally, I remain very grateful to all Members and Officers for their assistance, cooperation and hard work in helping to prepare this budget.

**M S OWEN**  
**CHIEF FINANCE AND PERFORMANCE OFFICER**

## **BEST VALUE ACCOUNTING CODE OF PRACTICE**

1. The cash limited budgets in column (i) on page (vii) have been recast to comply with the Best Value Accounting Code of Practice (BVACOP). This has a particular impact on central costs and support services.
2. Both central and departmental support costs have had to be fully recharged to the services which they support. This is reflected in the addition of column (j) on page (vii) and in the body of the budget pages.
3. It should be noted that Legal and Democratic, Human Resources, Finance & Performance, Information Systems, Repairs and Maintenance and Property Consultancy / Asset Management / School Transportation within Transport and Asset Management are fully recharged and show net budgets of nil.
4. As part of the Code, the central costs have been re-arranged into:
  - Corporate and Democratic Core (including Democratic Representation & Management and Corporate Management)
  - Non Distributed Costs (including Past Service Costs and costs associated with unused shares of IT facilities)
  - Central Services to the Public (including Council Tax collection costs, Coroners, Electoral Registration etc.)
  - Other Operating Income & Expenditure (including levies from other bodies and capital financing).
5. Obviously, these are extremely significant changes but the underlying spending power of services remains exactly as approved by Council. One of the primary purposes of the change is to permit greater inter-authority comparability in the future.
6. During 2006/07 the Children and Young Peoples Service was formed from merging the Education Department with elements from Social Services and Leisure, Libraries and Culture. The service is split into three areas, Learning and Achievement, Prevention and Inclusion and Safeguarding and Support. The Education, Social Services and Leisure, Libraries and Culture budget sheets are shown on pages 21 – 23.

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## Revenue Budget 2010-11

	(a) 2009-10 Cash Limited Budget	(b) Functional Transfers	(c) Budget Changes	(d) 2009-10 Cash Limited Budget after transfers	(e) Inflation	(f) Unavoidable Commitments	(g) Additional Service Pressures	(h) Service Savings	(i) 2010-11 Cash Limited Budget	(j) 2010-11 Recast Budget
	£	£	£	£	£	£	£	£	£	
1 Environment	17,120,347			17,120,347	315,482	1,370,528	100,000	(512,000)	18,394,357	20,418,384
2 Adult Social Services	36,389,072	678,234		37,067,306	609,131	500,000	700,000	(345,000)	38,531,437	40,488,300
3 Housing General Fund	1,261,490			1,261,490	34,948		160,000	(37,500)	1,418,938	3,562,674
4 Public Protection	2,409,351			2,409,351	22,282			(71,500)	2,360,133	2,724,132
5 Learning & Achievement (schools)	66,227,044	476,975	(280,464)	66,423,555	1,360,319				67,783,874	67,783,874
6 Learning & Achievement (non schools)	4,059,789		(9,434)	4,050,355	109,349			(117,000)	4,042,704	22,098,653
7 Prevention & Inclusion	7,044,259	3,270	(2,967)	7,044,562	114,667		65,000	(237,000)	6,987,229	8,049,569
8 Safeguarding & Support	10,755,831	(23,348)	(600,096)	10,132,387	183,336		1,315,000	(275,000)	11,355,723	11,896,324
9 Leisure, Libraries & Culture	5,474,509			5,474,509	96,523			(130,000)	5,441,032	8,778,511
10 Economic Development	2,003,921			2,003,921	17,588			(46,000)	1,975,509	4,432,157
11 Planning	1,340,935			1,340,935	16,121			(41,000)	1,316,056	1,520,890
12 Transportation & Asset Management	8,865,240			8,865,240	141,604		100,000	(260,000)	8,846,844	2,936,972
13 Finance & Performance	4,963,774			4,963,774	40,860			(146,000)	4,858,634	0
14 Information Systems	2,670,988			2,670,988	29,497			(77,000)	2,623,485	0
15 Legal & Democratic Services	1,974,003			1,974,003	13,784		50,000	(60,000)	1,977,787	0
16 Human Resources	1,922,082			1,922,082	22,683		65,000	(57,000)	1,952,765	0
17 Repairs & Maintenance	1,946,962			1,946,962	38,939		100,000	(73,000)	2,012,901	0
<b>18 Total Net Service Expenditure</b>	<b>176,429,597</b>	<b>1,135,131</b>	<b>(892,961)</b>	<b>176,671,767</b>	<b>3,167,113</b>	<b>1,870,528</b>	<b>2,655,000</b>	<b>(2,485,000)</b>	<b>181,879,408</b>	<b>194,690,440</b>
19 Corporate & Central	24,368,498			24,368,498	494,385	678,883	200,000	(325,000)	25,416,766	12,605,734
20 Transformational Change	0			0			1,000,000		1,000,000	1,000,000
<b>21 TOTAL NET EXPENDITURE</b>	<b>200,798,095</b>	<b>1,135,131</b>	<b>(892,961)</b>	<b>201,040,265</b>	<b>3,661,498</b>	<b>2,549,411</b>	<b>3,855,000</b>	<b>(2,810,000)</b>	<b>208,296,174</b>	<b>208,296,174</b>
Financed by:										
Revenue Support Grant	120,392,018									125,114,269
Non-Domestic Rates	35,604,797									37,293,748
Improvement Agreement Grant	1,284,761									1,284,567
Deprivation Grant	321,698									0
Council Tax	43,194,821									44,603,590
<b>TOTAL INCOME</b>	<b>200,798,095</b>									<b>208,296,174</b>
Net Expenditure Budget	200,798,095									208,296,174
Less: Improvement Agreement Grant	(1,284,761)									(1,284,567)
Deprivation Grant	(321,698)									0
Discretionary Rate Relief	(80,000)									(80,000)
<b>Budget Requirement</b>	<b>199,111,636</b>									<b>206,931,607</b>

**WREXHAM COUNTY BOROUGH COUNCIL****COUNCIL TAX INFORMATION 2010-11**

<b>Tax Base</b>	<b>Community</b>	<b>WCBC General Expenses</b>	<b>WCBC Special Expenses</b>	<b>N Wales Police Precept</b>	<b>Community Precepts</b>	<b>TOTAL</b>
496	Abenbury	862.92		201.33	24.19	1,088.44
5,831	Acton	862.92	4.04	201.33	9.60	1,077.89
593	Bangor Isycoed	862.92		201.33	24.17	1,088.42
618	Bronington	862.92		201.33	12.14	1,076.39
2,593	Broughton	862.92		201.33	21.98	1,086.23
1,774	Brymbo	862.92		201.33	38.86	1,103.11
3,696	Caia Park	862.92	4.04	201.33	56.00	1,124.29
2,169	Cefn	862.92		201.33	56.00	1,120.25
158	Ceiriog Ucha	862.92		201.33	6.33	1,070.58
1,648	Chirk	862.92		201.33	53.50	1,117.75
1,683	Coedpoeth	862.92		201.33	82.85	1,147.10
215	Erbistock	862.92		201.33	5.12	1,069.37
1,367	Esclusham	862.92		201.33	52.00	1,116.25
374	Glyntraian	862.92		201.33	34.67	1,098.92
2,586	Gresford	862.92		201.33	27.41	1,091.66
3,702	Gwersyllt	862.92		201.33	29.71	1,093.96
367	Hanmer	862.92		201.33	6.81	1,071.06
793	Holt	862.92		201.33	26.09	1,090.34
204	Isycoed	862.92		201.33	48.04	1,112.29
848	Llangollen Rural	862.92		201.33	30.07	1,094.32
479	Llansantffraid Glyn Ceiriog	862.92		201.33	37.58	1,101.83
1,747	Llay	862.92		201.33	37.21	1,101.46
604	Maelor South	862.92		201.33	12.50	1,076.75
596	Marchwiell	862.92		201.33	32.72	1,096.97
701	Minera	862.92		201.33	20.97	1,085.22
3,819	Offa	862.92	4.04	201.33	43.99	1,112.28
677	Overton	862.92		201.33	48.51	1,112.76
1,104	Penycae	862.92		201.33	47.66	1,111.91
2,695	Rhosddu	862.92	4.04	201.33	8.16	1,076.45
3,241	Rhosllanerchrugog	862.92		201.33	57.77	1,122.02
1,720	Rossett	862.92		201.33	20.70	1,084.95
1,740	Ruabon	862.92		201.33	45.98	1,110.23
303	Sesswick	862.92		201.33	9.90	1,074.15
473	Willington / Worthenbury	862.92		201.33	11.42	1,075.67
<b>51,614</b>	<b>Total / Average</b>	<b>862.92</b>	<b>1.26</b>	<b>201.33</b>	<b>35.04</b>	<b>1,100.55</b>

NOTE: Tax Base = Band "D" Equivalent for a full Council Taxpayer