

Report to: Cabinet, 3rd February 2009

Report of: Head of Financial Services

Subject: CITY COUNCIL BUDGET AND CITY COUNCIL TAX 2009-10

This report is about the City Council's Revenue & Capital Budgets, and setting the City share of the Council Tax. Links are provided to enable you to access supporting documents from an electronic copy (emailed to Councillors).

1. **Decision Required**

1.1 For the purpose of recommending to Council the annual budget and council tax and associated policies, to recommend to Council:-

- a. the **Capital Programme** for 2008 to 2014 totalling £16.438m
- b. the **Net Revenue Budget** of £13.269m for 2009-10 and the detailed estimates as set out in the [Budget Book](#) and amended by the schedule of changes to the budget set out in the Budget Report (Budget Action Plan at Appendix 4)
- c. The changes to balances and reserves; all as set out in this report, the [December Budget Report](#) (December Cabinet) and the Budget Book¹, also the revised fees and charges set out in the [Fees & Charges Booklet](#) (January Cabinet).
- d. To recommend the **City Band D Council Tax of £158.15** (an increase of 4.9%) for 2009-10 to meet the City Council's budget requirement.
- e. To note the impact of the 2009-10 budget on future years i.e. impact on the Medium Term Financial Strategy ([MTFS](#)).
- f. To note the **forward indications of the City Council Tax** levels for 2010-11 onwards on the basis of the assumptions set out in the report.

1.2 It should be noted that the decisions summarised in 1.1 above are set out in detail in the formal draft Council Tax resolution at Appendix 3.

1.3 To note that the overall level of Council Tax for 2009-10 will have to be reported to the City Council meeting on 24th February 2009 when we have the precept decisions from the County, Police and Fire Authorities.

2. **Background**

2.1 The Council's budget review process has been reported to various meetings of the Cabinet and the Performance Management and Budget Scrutiny Committee over a period of several months. This commenced with the Medium Term Financial Strategy (MTFS) earlier in 2008.

2.2 The Cabinet met on 17th December and considered the draft [budget report](#) for 2009-10 alongside the Medium Term Financial Strategy ([MTFS](#)), and agreed for the purposes of reviewing the council's annual budget, associated policies and consultation the following;

- a. forecast of income
- b. forecast net cost of running services
- c. strategy to address the budget gap

¹ Draft Budget Book circulated to all Councillors in December

- d. provisional proposals to reduce the net cost of running services
 - e. Capital Programme
 - f. Consultation arrangements, and
 - g. Response to the government's consultation.
- 2.3 The Cabinet also noted the timetable and decision process for making recommendations to the Council and the programme of consultations and scrutiny required by the Council's Constitution.
- 2.4 The Councils constitution (Part 4 Page 55 Para 2.1) requires the Cabinet to publicise a plan for making budgetary changes and allow a minimum consultation period of six weeks after publication of the proposals. This has been accommodated with the Cabinet proposals for addressing the budget gap being published on Wednesday 10th December (i.e. with the Cabinet Agenda for the meeting on 17th December), and a Cabinet and Council meeting set for 3rd February. The Cabinet will make firm proposals at that meeting taking into account the consultation responses and recommend these to Council.
- 2.5 **If the Council objects to the estimates or amounts put forward by the Cabinet, it must inform the Leader at that meeting and give him instructions for the Cabinet to reconsider, in the light of those objections, those estimates or amounts in the light of the Council's requirements.** The Council must specify a period of at least five working days for the Leader to submit revisions or notify the Council of any disagreement by Cabinet to their objections. In practice the Cabinet will consider these objections at their meeting on 18th February and make recommendations to the Council for a final decision at its meeting on 24th February. If there are no objections to the Cabinet's proposals, the Council will make its decision on the budget and the Council Tax for the City Council's budget requirement, at its meeting on 3rd February 2009, and then set the overall Council Tax at its meeting on 24th February.
- 2.6 It is essential that the Council makes its final decision on the Budget and the Council Tax by 24th February. Although the statutory deadline for this is 11th March, any delay in the Council's decision beyond 24th February will risk delays in the annual billing process and risk bills not arriving on doorsteps in time for the due notice of changes to Direct Debits. This work is made more difficult this year as the Revenues and Benefits Shared Service is in the final stages of the change over to one single computer system and the knock on impact to the two partner councils Wychavon DC and Malvern Hills DC.

Overview of the Budget

- 2.7 This year the Council is facing unprecedented financial problems. In the last few years and most recently in the revised Medium Term Financial Strategy the Council has increasingly faced the challenge of expenditure rising faster than income and the need to make budget reductions to bridge the gap. The December Cabinet put forward proposals to address the **budget gap of £3.1m in 2009-10 and totalling £4.3m over the next 5 years** (see extract from Budget Report Table 7 below)

Table 7: Summary of Budget funding gap	2009-10	2010-11	2011-12	2012-13	2013-14
	£000's	£000's	£000's	£000's	£000's
Total Funds available	13,269	13,561	13,879	14,211	14,559
Total recurring spending plans	16,386	16,947	17,580	18,302	18,914
Budget Gap	3,117	3,386	3,701	4,091	4,355
Savings required year on year	3,117	270	315	389	265

2.8 The budget proposals set out in this report provide for;-

Capital:

- Capital Investment of £16.438m between 2008 and 2014
- The Capital Programme includes £7.526m of new starts from 2009-10 onwards, and a priority programme for new spending not yet funded and awaiting resources amounting to a further £1.807m.

Revenue:

- Budget Action Plan to reduce expenditure by £3.1m in 2009-10 and a total of £4.3m over the next five years
- Net Revenue Budget of £13.269m for 2009-10
- Council Tax (Band D) of £158.15 for 2009-10²
- An increase in Council Tax of 4.9% (£7.39); about 2p per day (for most households)
- Our Council Tax in 2008-09 is £150.76 (Band D); below average for District Councils across England

2.9 This report gives a brief explanation of the key decisions for the Cabinet and recommendations to the Council. More detailed information about the Council's finances has previously been provided in various reports to the Cabinet. Background information is also provided in the following documents which are available from the Head of Financial Services or can be downloaded using the hyperlinks on your electronic copy of this report (emailed or via Committee Agenda System on the Council's Intranet).

Table 1: Sources of information about the budget and our finances

1	Public Consultation - January 2008	Public Consultation - report on outcomes of the SIMALTO consultation exercise published with Budget report to Cabinet 5 th February 2008
2	Summary of Accounts June 2008	Annual Report 2007-08 & Annual Accounts 2007-08 written in plain language and published on our Website, including a summary of accounts and explanation of our finances ³
3	Medium Term Financial Strategy - November 08	The MTFS explains the budget planning process, our policies regarding finances and money matters, and sets out a 5 year forecast of our finances.

² Setting the Council Tax is explained in detail in the Appendix (Budget Digest)

³ <http://www.worcester.gov.uk:8080/annualreport2008/pages/17OurfinancialHealth.htm>

Table 1: Sources of information about the budget and our finances

4	Budget Book – December 08	An overview and summary of the council's budget, plans & performance for each strategic service area and the Capital Programme.
5	Cabinet January 2009	Reports on Capital Programme and Fees & Charges arising out of the policy issues set out in the December Budget Report

2.10 Additional papers are provided with this report as follows;-

<i>Appendix 1</i>	<i>Consultation – report on outcomes of the public consultation exercise carried out in January 2009, consultation with Unions and Business Ratepayers, together with any written representations received by the Council in response to the budget proposals</i>
Appendix 2	Outcomes of Budget Scrutiny; minutes of meetings held on 13 th and 20 th January, (27 th to follow)
Appendix 3	Budget Digest which explains: Setting the Council Tax for Worcester Formal Council Tax Resolution
Appendix 4	Budget Action Plan for changes to reduce budget by £3.1m in 2009-10 and a total of £4.3m over the next 5 years – as updated during Scrutiny process

3. **Policy, Legal, Risk Management and Financial issues**

- 3.1 **Policy issues:** These were set out in detail in the December report. The budget enables the Council to live within its means and invest in the vision to make Worcester a First Rank Cathedral and University City steered by the strategic priorities: Cleaner & Greener City, Safer and Stronger Communities, Urban Renaissance, Customer care & Citizen Engagement, and Performance, Innovation & Efficiency. The proposals set out below have been prepared in accordance with the Council's policies. Proposed changes are put forward in accordance with the budget review process set out in the Medium Term Financial Strategy.
- 3.2 **Legal issues:** there are no legal implications other than those set out in any comments by Heads of Service contained in the proposals for change. The Council must set its budget and Council Tax at its meeting on 24th February 2009. The Head of Financial Services must confirm that the estimates are robust and reserves are adequate; see Para 4.20 to 4.23 which reports on this issue.
- 3.3 The Secretary of State has in the past indicated that he will use the Capping Powers with equally stringent limits to those used previously. The government has stated that it expects the overall increase in Council Tax (across England) to be substantially below 5%. No further advice or indication has been given by the government about the risk of capping for an individual local authority. The Local Government Association (LGA) recently conducted a survey of councils to establish the likely level of Council Tax increases across England. This concluded that the average increase is likely to be about 3½%. In view of the experience of capping suffered as a result of the Fire Authority during 2004/05, and the impact on the City Council's Revenue Collection

arrangements the risk of capping should be avoided. The Cabinet's present policy fits within this parameter.

- 3.4 **Risk Management:** the Medium Term Financial Strategy and the December Budget Report to Cabinet set out the assumptions and risk assessments used in the budget process together with actions to mitigate or manage these issues. Para 4.30 provides a report on this issue.
- 3.5 **Financial issues:** the council must set a robust and balanced budget and agree a Council Tax (for the City Council's requirements) that avoids the risk of capping by the Government. The Medium Term Financial Strategy (MTFS) and the Budget Report (December 2008) sets out the proposed policy to increase the Council Tax by 4.9% in 2009-10 and the assumption of 4.9% in each year of the MTFS.

4. **Comments of Head of Financial Services**

Results of Consultation; Public, Unions, Business Ratepayers, Scrutiny Committees and written representations

- 4.1 The Medium Term Financial Strategy sets out the Council's policy on consultation. The December Cabinet report set out the arrangements for this year. Any representations from these will be brought to the attention of the Cabinet and the Council.
- 4.2 The results of consultations will be set out in **Appendix 1**.
- 4.3 Public consultation is being conducted using a questionnaire addressed to the Citizen's Panel. Meetings have been held with the Unions. A meeting is also due to take place with representatives of the Hereford and Worcester Chamber of Commerce and the notes of that meeting will be circulated. Any outcomes of these will be circulated before the Cabinet meeting. In addition, letters were sent to affected groups/organisations inviting representations.
- 4.4 The Performance Management and Budget Scrutiny Committee have met on several occasions to discuss the MTFS, the budget, the Budget Action Plan, and the Mouchel reports. The draft minutes and notes from these meetings are set out in **Appendix 2**. A further meeting is taking place on 27th January, and the notes from that meeting will be circulated promptly and before the Cabinet meeting.
- 4.5 Cabinet members have been considering the outcomes of each of these meetings as they take place. They will also formally consider them at their meeting on 3rd February, when it will have to consider the budget and make recommendations to the Council meeting later that evening.

Capital Programme

- 4.6 The December Cabinet (budget report) noted that there are no new schemes proposed for the capital programme, and therefore, at this stage no changes in policy arising from that. The January Cabinet considered a report on the Capital Programme.

- 4.7 The Capital Programme for 2008 to 2014 totals £16.438m and is set out in the Draft [Capital Programme](#) Budget report to the January Cabinet. This includes new schemes starting in 2009-10 onwards amounting to £7.526m. Proposals for the new programme include a priority programme for new spending not yet funded and awaiting resources. The revised programme can be summarised into the following key priority schemes;-

Table 3: Highlights of Capital Programme	Value of investment £m's
Overview of the Capital Programme;-	
Existing schemes in progress	8,912
New schemes starting from 2009-10 onwards	7,526
Total Capital Programme	16,438
Priority Programme of schemes not yet funded	1,807
What are we going to spend the money on?	
Improvement - Parks and Play areas	3,462
Improvement to riverside	1,009
Housing – homelessness, grants etc	3,437
Contribution to new University Library	300
Enhancing Land, buildings and plant	5,183
Environmental improvements	1,383
Depot relocation to facilitate new library	1,349
Efficiency	172
Community Safety & CCTV	143
Total Capital Programme	16,438

- 4.8 The Revenue Budget only provides for the costs of new long term borrowing to fund certain classes of asset e.g. vehicles and revenue earning projects (spend to save). This prudential approach to borrowing is designed to keep net revenue costs down and focus borrowing on assets that are self funding or have a specific revenue budget for leasing / capital funding (e.g. vehicles). All other capital assets are funded from capital receipts, grants or other sources such as Section 106 money or revenue contributions.
- 4.9 The five year capital programme has a built in shortfall of £2¾m. It is reasonable to assume an unfunded element (for slippage) of say £¾m, and the balance of £2m represents the target for new asset disposals to be achieved over the life of the programme in order to fully fund it. There is also a schedule of capital spending priorities that are as yet not approved for commissioning and from which capital projects can be commissioned if the disposal of assets exceeds the target of £2m. Therefore, we should encourage further efforts to find capital funding sources for specific projects. This would also require an assumption (in line with Government Priorities) that we continue to dispose of and sweat assets to generate capital receipts to help fund the capital programme. A strategic review of property assets to address this is due to be reported.
- 4.10 A detailed statement of capital resources is set out with the report on the [Capital Programme](#). The Council's borrowing and investment strategy, including prudential borrowing limits will be covered in a separate to your next meeting "Treasury Management Strategy Statement". The revenue impact of each Capital Project will be reported to Cabinet with financial monitoring and scheme appraisal reports. The revenue impact of the

riverside enhancements will be included in the review of the MTFs and budget for 2010-11.

Revenue Budget and Council Tax

- 4.11 The Net Revenue Budget for 2009-10 is proposed to be £13,269,099 which after deducting the Government Grant of £8,152,314 leaves £5,116,785 to be funded from Council Tax Payers. A full explanation of the Council's proposed Budget is set out below. In summary this means that a Council Tax (Band D) of £158.15 needs to be set as shown below;-

Table 4: Setting the Council Tax¹
£5,116,785 divided by the Tax Base⁴ of 32,354 = £158.15

- 4.12 The government encourages local authorities to provide local council tax payers with forward indications of future council tax levels. The Council's assumption (in the MTFs) on future levels of City Council Tax is 4.9%. Therefore, City Council Tax in the future could be illustrated as follows;-

2008-09 (present Tax)	£150.76
2009-10	£158.15
2010-11	£165.90
2011-12	£174.03

The actual level of Council Tax in future years will be subject to the decision of this Council at the beginning of each year⁵, and will depend on information about the budget available at that time; in particular the level of government grant.

Revenue Budget – Government Grant Settlement (Final Figures)

- 4.13 Last year the Government announced a new three year grant (RSG) settlement designed to give a stable and predictable funding environment for local authorities. This resulted in provisional grant increases for the City Council as follows;-

2008-09	8,112	
2009-10	8,152	+ 0.5% (0.12% before damping)
2010-11	8,193	+ 0.5% (0.19% before damping)

- 4.14 The Council responded to the Government's consultation and this was circulated to all Councillors ([letter to Government in response to Formula Grant settlement for 2009-10](#)). This did not result in any change, and the Government has now announced the final Local Government Finance Settlement figures on 21st January 2009. The City Council's Formula (RSG) Grant remains the same as previously notified in the provisional announcement (Table 6 above), stating that:-

⁴ The Tax Base was approved by the January Cabinet and represents the total number of dwellings as if they were all Band D

⁵ Council Tax levels for future years will continue to be set each year at the same time i.e. the February Council Meeting.

"It has always been clear that the settlement for 2009-10, as the second year of a three-year settlement, would not be changed from that previously published other than in exceptional circumstances. Having fully considered all the representations received during consultation Ministers have not found such exceptional circumstances"

- 4.15 Therefore, the total funds available to the City Council are as set out in the Budget Report (see extract of table 1 from that report)

Table 1: Annual cash available for services	2009-10	2010-11	2011-12	2012-13	2013-14
	£000's	£000's	£000's	£000's	£000's
Council Tax	5,117	5,367	5,644	5,936	6,242
<i>Increase in Council Tax - %</i>	<i>4.90</i>	<i>4.90</i>	<i>4.90</i>	<i>4.90</i>	<i>4.90</i>
Government Grant	8,153	8,193	8,234	8,275	8,317
<i>Increase in Government Grant - %</i>	<i>0.50</i>	<i>0.50</i>	<i>0.50</i>	<i>0.50</i>	<i>0.50</i>
Total Funds available	13,269	13,561	13,879	14,211	14,559

Revenue Budget – **Update of Medium Term Financial Plan**

- 4.15 The Budget Gap set out in the report to the December Cabinet (Para 6.1) was £3.117m for 2009-10, and a total of £4.355m over the five years 2009 to 2014.
- 4.16 The [MTFS](#) was reported to the November Cabinet. Since being reported there has been no change to the Medium Term Financial Strategy.
- 4.17 [Fees and charges](#) have been reviewed by the Cabinet at their January meeting in accordance with the policies and strategy agreed in December. The revised charges are set out in the Fees and Charges Booklet.

Revenue Budget – **Proposals to reduce the budget**

- 4.18 The Budget Action Plan is set out in Appendix 4. This was reported to the December Cabinet and has been subject to consultation. There have been some changes in the text of the proposals and these are shown in bold type in the Appendix. This report is based on the proposals as set out in the December report but will have to be reconsidered in the light of the consultation outcomes referred to above. Table 7 summarises the revenue impact of the Budget action Plan. **The implementation of the Plan is far reaching and presents a challenging agenda for the Council over the next year, and is not without a degree of risk.**

Table 7: Summary of key points from Budget reductions proposals					
	2009-10	2010-11	2011-12	2012-13	2013-14
	£000's	£000's	£000's	£000's	£000's
Addressing the budget gap:					
Savings required	3,117	3,386	3,701	4,091	4,355
Proposals for reductions	3,087	3,545	3,859	4,322	4,498
Gap / (Surplus)	30	(158)	(157)	(231)	(142)
Analysis of proposals:					
Efficiencies	762	905	1,045	1,215	1,315
Service Reductions	1,875	2,214	2,412	2,705	2,781
Expenditure Reductions	2,637	3,119	3,457	3,920	4,096
Income Generation	450	426	402	402	402
Total proposals	3,087	3,545	3,859	4,322	4,498
Analysis of expenditure proposals:					
Non-pay reductions	1,033	876	1,083	1,460	1,572
Pay reductions	1,604	2,243	2,374	2,460	2,524
Reduction in Jobs: (No. of F.T.E. reductions)	62.60	84.00	85.00	86.00	86.00

- 4.19 Provision for risk has been built in to the Budget Action Plan taking account of aspects of the Plan that are at risk of delay or failure to achieve the full reduction in cost as set out in the Plan. Other risks include the need for Capitalisation of redundancy costs, and the impact of the economic recession, and these are addressed in paragraph 4.30 below.

Revenue Budget - **Reserves**

- 4.20 General reserves have been reduced to the minimum recommended level during 2008-09. This leaves little of no resilience or capacity for future increases in spending pressures. Future changes in spending pressures cannot be accommodated without further reductions in services and spending. In the longer run the trend of expenditure rising faster than our income is predicted to continue, and this too will require further cuts in services and spending to keep the budget in balance beyond 2014, without some significant change in our financial fortune.
- 4.21 The Council holds reserves as a working balance, for contingency purposes, and as a means of saving for future costs and obligations or planned projects. It is the Council's policy to only use balances to meet one-off costs that do not recur in future years. It is also our policy for general reserves (uncommitted) to be set at about £1m and not allow them to fall below £0.6m (i.e. about 5% of net budget). This is to protect the Council from volatility of risks and exposure to increasing costs as highlighted in the MTFS.
- 4.22 A full review of balances and reserves was set out in the [MTFS](#) reported in November. This can be summarised as follows:

Table 8: Reserves as at 31-03-2009		£000's
(details in Budget Book)		
General Reserve (uncommitted or allotted):		676
Revenue Earmarked Reserves		1,131
Capital Earmarked Reserves		1,476
Total of all Reserves		3,283

4.23 It is proposed that reserves be used as follows:

General Reserve: In 2009-10 there is a planned deficit of £30 between the Budget Action Plan and the total reductions required to balance the budget. This may be offset if the provision for risk is not called upon, and will be offset in future years if the plan is successfully implemented.

Revenue Earmarked Reserves:

Leisure management reserve: Reserve stands at £132K; planned expenditure in 2009-10 to be funded from this reserve is £61K:-

- KGV set up costs £8K
- Recreation improvements £7K
- Community Sports £7K
- Youth programmes £19K, and
- Sports Centres £20K

Environmental Warranty: This insurance reserve (£934K) is under review to assess the risks covered and adequacy of the reserve.

Others reserves: some are for contingencies, some are for insurance cover, and some for known liabilities, and will be used if and when called upon.

Revenue Budget – **Overall Summary of the Budget**

4.24 The overall Budget for 2009-10 and Medium Term Financial Strategy can be summarised as follows:-

Table 9: Summary of Revenue Budget [MTFS]					
	2009-10	2010-11	2011-12	2012-13	2013-14
	£000's	£000's	£000's	£000's	£000's
Base Budget	15,038	16,386	16,947	17,580	18,302
Inflation	807	831	856	882	908
Revised charges	- 248	- 253	- 258	- 263	- 268
Changes in 2008	- 407	- 39	- 9	- 12	- 7
Cost pressures	1,196	22	44	115	- 27
	16,386	16,947	17,580	18,302	18,914
Budget Action Plan					
Efficiency savings	- 762	- 905	- 1,045	- 1,215	- 1,315
Service reductions	- 1,875	- 2,214	- 2,412	- 2,705	- 2,781
Income generation	- 450	- 426	- 402	- 402	- 402
Total reductions	- 3,087	- 3,545	- 3,859	-4,322	-4,498
Revised budgets	13,299	13,402	13,721	13,980	14,416
Take from (-) or add to reserves	- 30	158	157	231	142
Revised Budget	13,269	13,561	13,879	14,211	14,559

Met from City Council Tax and Government Grant (see Para 4.15)

4.25 The net revenue budget has increased from £12.990m in 2008-09 to £13.269m in 2009-10. This represents an increase of only £0.279m (2.15%). The main reasons for the change are;-

Table 10: Summary of impact of changes in the Budget for 2009-10	£000's	Band D Council Tax £:p	% of gross budget ⁶
Budget 2008-09 – Formula Grant	8,112		
Budget 2008-09 – Council Tax	4,878	150.76	
Budget 2008-09	12,990		
Changes to the Budget:			
Add back use of reserves in 2008-09	803	24.82	2.5
Inflation on pay and prices	857	26.49	2.6
Income from fees and charges (inflation)	-248	- 7.67	- 0.8
Changes agreed in 08-09, impact 09-10	324	10.02	1.0
Cost Pressures:			
Concessionary Travel	670	20.71	2.0
Changes in demand for services	390	12.05	1.2
Removal of employee vacancy provision	600	18.55	1.8
	16,386		
Less: Budget reductions	-3,117	- 96.34	- 9.5
Budget 2009-10	13,269		
Funded from:			
Formula Grant increased by ½% (£41K)	8,153	- 1.25	- 0.1
Council Tax increased by 4.9% ⁷ (£7.39)	5,117	158.15	4.9
	13,269		

4.26 The plans continue to be challenging and not without a degree at risk. As stated at paragraph 4.18 *"the Budget Action Plan is far reaching and presents a challenging agenda for the Council over the next five years"* **It is clear from our overall financial standing that future changes in spending pressures cannot be accommodated without further reductions in services and spending.** In the longer run the trend of expenditure rising faster than our income is predicted to continue, and this too will require further cuts in services and spending to keep the budget in balance beyond 2014, without some significant change in our financial fortune. However, the risks are manageable and offset by;-

- The 5 year forward plan⁸ which aims to deliver a balanced budget
- Backed by adequate balances and reserves; and
- Underpinned by relatively low levels of Council Tax (City Council Share)
- Strategic plans, informed by the Mouchel Reports, to develop the council's shared services with the County Council and to consider the strategic options contained in those reports (e.g. moving to an enabling council).

⁶ Gross budget is approx £32m after deducting the value of Housing Benefit payments of £25m.

⁷ Council Tax increase of 4.9% yields extra income of £239,096

⁸ The 5 year forward plans refer to all our key planning documents; the Corporate Plan, Medium Term Financial Strategy, and the Capital Investment and Asset Management Strategy.

- 4.27 During 2008-09 CMT identified an urgent need for this and took appropriate action through Financial Monitoring as reported to Cabinet. We will need to continue with strong control over our finances to avoid overspending in future. This includes service planning and resource monitoring which will need to be achieved through clear strategic priorities accepted by the Council, to enable the focus on delivering good quality services from within the limited resources available. This in turn will require strong corporate governance, risk management and performance management.
- 4.28 To this end during 2008 the Council has implemented a new performance management framework with Service Business Plans, the Corporate Plan, and performance management more strongly integrated.

Setting the Budget and Council Tax

- 4.29 The recommendation from the Cabinet to the Council in respect of the budget and the Council Tax needs to be set out in a specific format as recommended by the Local Government Association. This is in order to ensure that the Council's decision is properly recorded and fully in accordance with the legislation covering council budgets and Council Tax Setting. A draft of this is set out in the **Budget Digest**. However as noted in paragraph 1.5 it cannot be completed until we have received the decisions of the County Council, Police Authority and the Fire Authority.

Risk management of the Council's Budget and Finances

- 4.30 Table 11 sets out the high level risks facing the Council's budget and finances. The Budget Digest describes how the Council uses the risk score to assess risk.

Table 11: Strategic Risk Management – Budget and Finances			
Risk No.	Description	Risk Score	Management Action Plan
FS5 ⁹	Financial obligations exceed resources arising from extra net costs or failure to fully implement the Budget Action Plan	C2	Regular monitoring of Budget Action Plan and early consideration of the strategic options contained in the Mouchel reports plus 'adequate' reserves in place.
FS6 ⁹	Failure to achieve authority to capitalise redundancy and associated pension costs	D1	Bid made using external advice. Initial (Gate 1) approval has been received. Final decision due by 31 st January.
FS5.1	Pension Fund shortfall – recovery plan requires extra funding	D3	25 year recovery plan in place, MTFP forecasts extra costs
FS5.2	Concessionary Travel; reimbursement rises as a result of increases in bus fares and usage	C2	Regular monitoring by County partnership using external advisors, and review of reimbursement in place (Budget Action Plan)

⁹ FS5 and FS6 will be placed in the Councils Strategic Risk Register

Table 11: Strategic Risk Management – Budget and Finances			
Risk No.	Description	Risk Score	Management Action Plan
FS5.3	A return to high inflation and volatile interest rates once the economic recession begins to ease.	D2	Regular monitoring and external advice, financial reserves in place. In the short run the positive risk is deflation in prices, but this is offset by low interest rates and loss of interest earnings.
FS5.4	General Reserve falls below minimum level	C3	Monthly Financial Monitoring in place to ensure we make planned savings.

A Robust Budget

- 4.31 The Head of Financial Services is required to confirm **A Robust Budget** in accordance with Section 25 of the Local Government Act 2003, that the estimates are robust for the purposes of the calculations to be made in the budget and for Council Tax setting, and that the proposed financial reserves are adequate. The Head of Financial Services advises (as fully supported by the Head of Paid Service, the Monitoring Officer and all CMT colleagues) that a robust budget in the context of the budget review process this year would be one that enables a balanced budget with a clear plan to implement changes to bring about a reduced level of expenditure over the five year period of the plan. **For example many items in the Budget Action Plan involve service restructuring and collaborative working (with the County Council). These proposals do not necessarily solve the endemic problem and further actions may be required to downsize to keep within budget; with consequent reduction to the scope and scale of City council services.**
- 4.32 A further report will be presented to the next meeting of the Cabinet covering the annual update of the Treasury Management Policy and the Prudential Borrowing limits.

5. COUNCILLOR ROGER KNIGHT RECOMMENDS

That the Cabinet:

- 5.1 **recommends to Council the Capital Programme for 2008 to 2014 totalling £16.438m and the Net Revenue Budget of £13.269m for 2009-10, the detailed estimates as set out in the Budget Book and amended by the schedule of changes to the budget set out in the Budget Report (Budget Action Plan at Appendix 4), the changes to balances and reserves; all as set out in this report, the Budget Report (December Cabinet) and the Budget Book¹⁰, also the revised fees and charges set out in the Fees and Charges Booklet (January Cabinet);**
- 5.2 **recommends the City Band D Council Tax of £158.15 (an increase of 4.9%) for 2009-10 to meet the City Council's budget requirement;**

¹⁰ Draft Budget Book circulated to all Councillors in December

- 5.3 recommends the adoption of the revised Medium Term Financial Strategy set out in the report;**
- 5.4 Notes the forward indications of the City Council Tax levels for 2010-11 onwards on the basis of the assumptions set out in the report; and**
- 5.5 Notes that the overall level of Council Tax for 2009-10 will have to be reported directly to the City Council meeting on 24th February 2009 as the major precept¹¹ authorities have not yet met to agree their own Budgets and consequent Council Tax.**

Wards: All

Contact Officer: Grahame Lucas (01905) 722100
Lesley Meagher (01905) 722595

Background Papers: Medium Term Financial Plan 2009 to 2014
Capital Investment & Asset Management Strategy
Budget reports to the December Cabinet and associated minutes
The Tax Base report to the January Cabinet
Budget reports to the December and January
Performance Management & Budget Scrutiny
Committee meetings and associated minutes
Financial Monitoring reports to Cabinet etc.

¹¹ Precept authorities; the County Council, Police Authority, and Fire Authority who all set budgets to be funded from their share of the Council Tax and require the City Council to include these in the overall Council Tax.

Consultation feedback

Results of Consultation; Public, Unions, Business Ratepayers, written representations

1. **Public Consultation:** this will follow upon receipt of the consultation feedback which is due on 29th January 2009.
2. **Consultation with Unions:** feedback received will be reproduced for the cabinet.
3. **Consultation with representatives of Business Ratepayers:** a meeting is being organised with the Hereford and Worcester Chamber of Commerce on 29th January 2009. This and any other feedback received will be reported to the Cabinet.
4. **Written representations** from affected groups/organisations: these are attached and any received after the despatch of the agenda will be circulated to the Cabinet separately.
- 4.1 Written representation from Worcester Wheels sent to all Councillors, Michael Foster MP and Robin Walker:

SE/BJH 6 January 2009

Dear Councillor

Worcester Wheels

I am writing to you to ask you to support our campaign to persuade the City Council not to withdraw the concessionary fare payments to Worcester Wheels.

Whilst we understand the financial difficulties of the Council, the amount paid to Worcester Wheels (£18,000 approximately per annum) is only 0.6% of your required saving, yet will penalise 2000 elderly and disabled citizens. It will also discriminate against them in 2 ways:

- Firstly pensioners who are able to access public transport will continue to receive free travel whilst our clients already pay 50% of the fare.
- Secondly, pensioners in Malvern Hills and Wychavon who use community transport, including Worcester Wheels, will continue to receive concessionary fare travel whilst Worcester residents will not!!!!

Whilst we acknowledge that the national scheme implemented by the Government did not include community transport, Worcester City Council many years ago recognised its responsibility to our clients and included them in the concessionary fare scheme. Please do not let some of the most vulnerable people in society down at this time.

We consider the proposal to be discriminatory against the elderly and disabled and urge you to support us and look for other ways of saving this funding.

Yours sincerely

Sally Ellison M.B.E
Chief Officer

PERFORMANCE MANAGEMENT AND BUDGET SCRUTINY COMMITTEE

13th 13th

Present: Councillor S. Hodgson in the Chair;
Councillors Amos, Mrs. Askin, Bayliss, Candler,
Mrs. L. Hodgson, Jones, Prodger and Rowden.

Also in Attendance:
Councillors Agar, Berry, Burton, Clarke, Denham,
Hodges, Knight, Lankester, M.R. Layland, Mrs.
Smith, Squires, Tibbutt and Williams.

Officers: Alan Stuttard, Head of Safer and Stronger
Communities,
Carol Brown, Head of Performance, Innovation and
Efficiency,
Lesley Meagher, Financial Services Manager.

1 DECLARATIONS OF INTEREST

The following declarations of personal interest were made:

Councillor Bayliss as a Parish Councillor and former member of the Board of Lyppard Grange Community Centre.

Councillor Berry as Chairman of Cap 360.

Councillor Candler as a member of the Board of Westside Worcester.

Councillor Denham as a member of the Board of Cap 360.

Councillor Mrs. Hodgson as a member of the Board of Lyppard Grange Community Centre.

Councillor Jones as an employee of Worcestershire County Council.

2 PUBLIC REPRESENTATIONS

Mr. Ray Morris addressed the Committee in respect of the budget proposal to reduce the maintenance cost contribution to Lyppard Grange Community Centre.

3 MINUTES OF THE MEETING HELD ON 16th DECEMBER 2008

RESOLVED: That the Minutes of the meeting held on 16th December 2008 be approved as a correct record and signed by the Chairman.

4 SCRUTINY OF 2009-10 DRAFT BUDGET

This was the first of three meetings arranged to scrutinise the 2009-10 draft budget proposals providing an opportunity for Members to scrutinise:

- the overall budget report,
- how the overall budget reductions package had been put together,
- how upfront costs (e.g. redundancy costs) were to be funded,
- how the proposals sought to bridge the budget gap and balance the budget,
- other savings options rejected by the Cabinet.

This meeting would be concerned with proposals regarding Safer and Stronger Communities and Performance, Innovation and Efficiency service areas. The relevant Heads of Service and Portfolio Holders had been invited to the meetings where their areas of responsibility were timetabled to be discussed.

Safer and Stronger Communities

Having heard the public representation, Members decided to start by considering the proposal to reduce the maintenance cost contribution to Lyppard Grange Community Centre (HSSC 17 of the savings summary). Unfortunately, the Portfolio Holder had not been present to hear the representation and whilst this was regrettable he joined the meeting shortly after.

Questions were asked about the Lyppard Grange Community Centre. The Head of Service explained that this concerned the agreements with the community centres which the City Council had and the funding arrangements contained within those agreements. Lyppard Grange was the only centre which had a lease as opposed to a tenancy arrangement. The lease was specific that revenue costs for maintenance were the responsibility of the centre with financial support on an optional basis by the authority, and this had been supported by Section 106 monies which had now run out. Lyppard Grange had the highest maintenance costs of all the centres although some of the work done to date could be classed as improvements. It was felt that there were opportunities to mitigate the effect of the proposal by, for example, a reduction in need, further support from the Parish Council and simple repairs being carried out by volunteers.

Members considered that there was a question of equity in relation to this proposal and asked why there should not be fair treatment with all community centres being treated the same. The Portfolio Holder responded that Lyppard Grange was considered to be in a different situation in that it was already supported by the Parish Council and was in a more affluent area of the City and therefore had a stronger base from which it could continue to be sustainable. He warned that there were many difficult proposals within the package of proposed savings and if this particular one was to be taken out of the equation then equivalent levels of cuts would have to be sought from elsewhere. In putting forward this and other proposals regarding the centres the aim was to preserve all the community centres in order to avoid having to close one of them. Members noted HSSC 16 and HSSC 18 of the savings summary which also affected the community centres, HSSC 18 suggesting further budget reductions in 2009/10 of £3K in each of the 6 service level agreements with community centres.

Members maintained their view that there should be a fairer approach to any necessary cuts and that all community centres should be treated the same. It was felt that the Lyppard Grange proposal (HSSC 17) should be referred to Cabinet for further consideration. Whilst Members accepted the need for savings they hoped that this could be achieved by the equivalent level of savings being found from elsewhere in the budget.

At this point there was a more general discussion of the budget scrutiny process being undertaken. Some Members expressed dissatisfaction with the way the information had

been presented as a line by line set of service based reductions which did not relate to portfolios or corporate priorities. This meant individual proposals were being considered in a vacuum. There was a need to have some idea of the strategic approach taken in instructing Heads of Service to look for savings. Others felt it was necessary to look at the merits of each individual proposal in turn.

The Chairman requested that Members continue to scrutinise the savings summary according to the timetable set out which also afforded an opportunity to consider the overall budget. Cabinet Members confirmed that they were happy to receive comments on individual proposals provided that the Committee considered alternative suggestions for reaching savings targets should the Committee consider the existing proposal not appropriate.

Other Safer and Stronger Community issues raised included:

- HSSC11 Freeze Service Level Agreement Grants i.e. no inflation provision on 2009/10 grants. It was noted that this proposal only related to those external organisations supported by grants from this particular service area. The Head of Service agreed to provide a list of those organisations included. He emphasised the fact that he had undertaken a consultation exercise with all those organisations likely to be affected by the savings proposals within his service area and had also invited them to address this Committee and the Cabinet should they wish to do so.
- HSSC8 Museums and Art Gallery - Transfer Gallery and collections to the Guildhall. The Head of Service explained that this proposal had arisen from the fact that within the current financial situation the Council was struggling to maintain three historic buildings, and, the move of the library from the Foregate Street site may provide an opportunity to release a capital asset. The timescales indicated that this was a long term target which would require significant planning time to prepare. Members were interested in the implications for the Guildhall and whether there were any plans for its future prior to 2013. It was noted that options for the future of the Guildhall put forward in the previous year had all entailed significant implementation costs and therefore there were no plans to progress any of these further in the foreseeable future. Charity and community groups could continue to book the facilities.
- HSSC20 Arts Grants – reduce service level agreements. It was noted that this proposal related solely to Worcester Arts Workshop. Other recipients were Worcester Live and the Arts Council and these were not affected by the proposal. Asked why Worcester Arts Workshop had been chosen the Head of Service responded that if the required saving had been spread across all of the organisations this would have put all of them under financial stress and risk of non viability. Since losing its funding from the West Midlands Arts Council, Worcester Arts Workshop had been unable to provide the outreach work which the Council wished them to provide. They had also been unable to come forward with any new proposals that could begin to address that shortfall and this could threaten their financial viability. An assessment of all the City's arts providers had suggested that a reduction in grant in the present financial climate, across all organisations could seriously affect their long term sustainability.

Some Members considered this proposal to be an unfair approach in that it solely affected one organisation which as a consequence would cease to exist, when what they had to offer was unique and could not be replaced. The Cabinet were requested to reconsider this proposal with a view to providing a

much reduced and time limited grant which would at least allow the organisation to continue in some form.

- HSSC9 and HSSC10 – Remove funding to ‘Destination Worcestershire’ and give notice to Visit Worcester once contract expires. Members asked for clarification of these proposals in relation to the vision of Worcester as a first class City and the commitment to developing tourism. The portfolio holder responded that the proposals concerning Visit Worcester would not occur until 20012/13 and therefore they had been given three years notice of the Council’s intentions, who were working with them to look at other sources of funding. The proposal regarding ‘Destination Worcestershire’ reflected the fact that the current funding agreement terminated on 31st March 2009 when the position would have to be reviewed. Asked whether this decision would affect other District Council funding of ‘Destination Worcestershire’ the Head of Service stated that other authorities contributed at different level to the City Council, but as they found their budgets under pressure they may well be reviewing their own arrangements.

Performance, Innovation and Efficiency

The service delivery impact against the majority of the proposals for this service were described as leading to a reduced service and/or loss of capacity and Members requested clarity as to what these phrases actually meant in practice. The Portfolio Holders and Head of Service gave further explanation as to the nature of the proposals against a number of entries as follows:

- HPIE1 and HPIE2 – Information Technology. A review of the service which included looking at existing support and whether it continued to be required, the effects of other changes across the organisation, and the south Worcestershire shared services proposals had provided opportunities to make savings. The service was carrying vacancies without a noticeable drop in service levels and therefore it was considered that a restructuring of the service and reduction in staffing levels could be achieved by eliminating vacant posts, retirement and reductions in hours.
- HPIE3 – Information Technology reduction in IT development fund spend. Members noted that the consequences of this proposal were stated as a reduction in capacity to implement IT capital projects. The Head of Service explained that any new projects would have to be prioritised. Members requested that a risk assessment should be undertaken and highlighted in relation to this proposal as a large part of shared and collaborative working was completely predicated on information technology.
- HPIE6 – Procurement review and restructure the service. Members commented that this proposal seemed short sighted as the service should be used to deliver more savings. The portfolio holder explained that the service had now evolved and with the introduction of e-procurement no longer required the same level of support. The service would be focusing on high value areas it had not been in a position to consider before to seek savings e.g. energy.
- HPIE7 – Policy and Review. The proposal concerned the deletion of vacant posts which had been carried in anticipation of the Heads of Service reviews and therefore would not affect existing work with partners.

Scrutiny of the draft budget would continue at the next meeting on 20th January 2009.

PERFORMANCE MANAGEMENT AND BUDGET SCRUTINY COMMITTEE

13th 13th

Present: Councillor S. Hodgson in the Chair;
Councillors Mrs. Askin, Bayliss, Candler,
Mrs. Hodgson, Rowden and Squires (as substitute
for Councillor Amos).

Also in Attendance:
Councillors Agar, Berry, Burton, Denham, Ditta,
Gregson, Knight, Lankester,
M. R. Layland, Roberts, Mrs. Smith, Tibbutt and
Williams.

Officers: David Wareing, Chief Executive;
John Scarborough, Head of Governance and
Corporate Support;
Grahame Lucas, Head of Financial
Services;
John Wrightson, Head of Urban Environment.

Apologies: Councillors Amos, Jones and Prodger.

5 DECLARATIONS OF INTEREST

The following declaration of personal interest was made:

Councillor Gregson as an employee of Worcestershire County Council in connection with the new library and the location of the Worcestershire Hub.

6 MINUTES OF THE MEETING HELD ON 13TH JANUARY 2009

RESOLVED: That, subject to the deletion of “a more equal share amongst all community centres or the” in paragraph two on page 3, the Minutes of the meeting held on 13th January 2009 be approved as a correct record and signed by the Chairman.

7 SCRUTINY OF 2009-10 DRAFT BUDGET

This was the second of three meetings arranged to scrutinise the 2009-10 draft budget proposals looking at the Chief Executive’s area, Governance and Corporate Support, Urban Environment and general aspects of the Budget.

The relevant Heads of Service and Portfolio Holders had been invited to the meetings where their areas of responsibility were timetabled to be discussed.

The Budget Process

A discussion took place on the procedure in the Constitution for publishing the draft Budget proposals, Cabinet considering any representations received and Council approving the final Budget. Concern was expressed that the Cabinet would be unable to consider any representations received in a meaningful way. The Cabinet members

present stated that some of the issues raised so far had already been the subject of further discussions with Heads of Service in order that other options might be explored. However, there was an acceptance by the Leader of the Council that a discussion needed to take place with the Group Leaders to see how the process could be best managed.

Chief Executive

- CEO7 - The Worcester Customer Service Centre (CSC) was the only one in the County that opened on a Saturday morning and the majority of enquiries were about planning applications. More effort was to be made to encourage electronic communication and on-line enquiries.

Members of the Committee considered that this would be a retrograde step and requested that the Cabinet reconsider this proposal.

- CEO8 – The officers were exploring with the County Council ways in which the relocation costs could be eliminated. For the moment the proposal was not to relocate the CSC/Hub saving £100k in 2012/13 and 2013/14. Decisions in respect of the CSC/Hub were subject to discussions with the County Council as a joint funder.

Corporate

- CORP2 – A leaner authority would need a reduced senior management structure.
- CORP4 – Transformation of the organisation would need to be properly funded. This had to be recognised in the Mouchel report.
- Riverside Scheme – This was a capital scheme with limited revenue implications. The Council had a legally binding commitment with its partners and it would be difficult to pull out.

Governance and Corporate Support

- HGCS2 – The Leader emphasised that the Council fully supported the provision of CCTV, but that this was a Police resource and should be funded accordingly. Funding might be available from elsewhere. Discussions were taking place with the Police. The Committee agreed to refer this back to the Cabinet to consider how the future provision of CCTV could be safeguarded.
- HGCS7 – Repair and maintenance of buildings was demand led. There would be a need to keep a close eye on the state of buildings in future years.
- HGCS10 – Would reduction in meetings lead to a weaker Council? The Leader stated that there was a need to review the scrutiny function. Members were not immune to cuts of this magnitude, but there was a recognition that scrutiny needed to be robust. The timescale was tight for implementation from the start of the new municipal year.
- HGCS13 – The Leader anticipated no increase in allowances in 2009/10. This was a cut in real terms. There was a danger that a reduction would lead to allowances getting severely out of step with the Independent Remuneration Panel's recommendations.

Urban Environment

- HUE4 – There would be more emphasis on statutory functions. There was a recognition that more resources should be put into contaminated land responsibilities. Some savings

would be realised as part of the Business Process Review. The economic recession did not appear to be having any impact on planning at the moment. Economic development issues would still be addressed as part of the planning function.

Scrutiny of the draft budget would continue at the next meeting on 27th January 2009.

BUDGET DIGEST 2009-10**Setting the Council Tax**

1. Based on the Government's "Local Government Finance Settlement" the Council could set a net budget of £13.269m as follows:

Net Budget	2008-9 £000's	2009-10 £000's
Income from Central Government Grant	8,112	8,152
Income from Council Tax	4,878	5,117
Surplus (Deficit) on Collection Fund	0	0
Amount available for Budget	£12,990	£13,269

2. The overall Council Tax bill for taxpayers in Worcester will include amounts required by Worcestershire County Council, West Mercia Police Authority the Hereford and Worcestershire Combined Fire Authority and in some areas the Parish Councils.
3. This budget means that the Council can approved a net budget for 2009-10 £13.269m and a Band "D" City Council Tax of £158.15 for 2009-10; a rise of 4.9% (£150.76 2008-09). A Council tax of £158.15 is still regarded as in keeping with our aim for relatively low levels of Council Tax (below average for District Councils across England).
4. The City Council's share of the overall Council Tax bill is less than 11% in 2008-09. The average Council Tax per household for Worcester residents in 2008-09 totals £1372 which is the one of the lowest in Worcestershire (average for County is £1,396) The City Council is also lower than the national average of £1406 for all district areas in England. The Band D Council Tax set by the City Council for 2008-09 was £150.76. This is below the national average of £158 for all English District Councils.
5. **The Collection Fund 2009-10:** under the Local Government Finance Act 1992, the Collection fund is broadly structured as set out in the chart below. The amount of income needed by each local authority divided into their Tax Base gives the amount of Council Tax they need to charge. The Collection Fund is an estimated of what income will be collectable based on this. The Collection Fund also collects Business Rates which are then paid over to the national pool and redistributed back to council as a standard amount per head of population (grant). This is paid over to councils with the Government Grant; the total of which is determined by a distribution formula called the formula grant.

The Collection Fund – how it works

<i>Income</i>		<i>Expenditure</i>
National Non-Domestic Rates collected	⇒	Payment of Non-Domestic Rates to National Pool
Council Tax collected	⇒	Payment to County Council, Police, Fire and Parish Councils, and the City Councils own demand

6. **Collection Fund Balances:** the Local Authorities (Funds) (England) Regulations 1992, requires the City council to make an estimate of the likely level of any surplus or deficit on its Collection Fund. Any surplus or deficit on the Collection Fund in respect of Council Tax transactions shall be shared between the billing authority and precept authorities in proportion to their demands on the Collection Fund; and is reflected as an adjustment to the Council Tax for the following year (2009-10). This year it is estimated that the Council’s Collection Fund will be in balance again;-

<i>Collection Fund Surpluses (Dr denotes a deficit)</i>	<i>2008-09 £'s</i>	<i>2009-10 £'s</i>
Total	0	0

<i>City Council share</i>	0	0
Band D equivalent	0	0

If there were a surplus or deficit this would be used to calculate the City Council’s Council Tax – see paragraph 7.

County Council share	0	0
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This would be used by Worcestershire County Council, together with surpluses/deficits from all other Worcestershire District Councils, to adjust their precept.

Police Authority share	0	0
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The other District Councils in the West Mercia Police Authority area (Herefordshire, Worcestershire and Shropshire) have also undertaken this exercise.

Combined Fire Authority share	0	0
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As for the Police and County other District Councils in their area have conducted this exercise and the combined results will be used by them to adjust their precept.

Setting the Council Tax for Worcester City Council 2009-10

7. The table below sets out the Worcester City Council demand on the Collection Fund on the basis of the proposals set out in this report.

Table C: Setting the Council Tax for the City Council	2008-09 £000's	2009-10 £000's
City Council Budget requirement	12,990	13,269
Less: Government Grant ¹²	8,112	8,152
City demand on the Collection Fund	4,878	5,117
Less: Collection Fund surplus	0	0
City Council demand from tax payers	4,878	5,117
Council Tax Base	32,354	32,354
Band D Council Tax	£150.76	£158.15

- Every 1% increase in Council Tax raises £48,776.
- A 1% increase in the Council's budget (£132,690) would require an increase in the Band D Council Tax of approximately £4.10 (2.72%); this illustrates the "gearing effect".

Precepts on the City Council 2009-10

8. The overall level of Council Tax will have to be reported to the City Council meeting on 24th February as the County Council, Police Authority, and Fire Authority have not yet met to finalise their respective Budgets and consequent Council Tax Precepts.

9. Parish Council precepts are as follows:

- Warndon Parish Council: The Parish of Warndon has notified the City Council that its precept for 2009-10 is to be £61,732 (£61,372 in 2008-09). This represents an additional Council Tax of £15.33 per Band 'D' property (£15.24 in 2008-09) for those properties in the Warndon Parish area.
- St. Peter the Great County Parish Council: The Parish of St. Peter the Great County has notified the City Council that its precept for 2009-10 is to be £33,300 (£33,300 in 2008-09). This represents an additional Council Tax of £15.07 per Band 'D' property (£15.47 in 2008-09) for those properties in the St. Peters Parish area.

Council Tax Bill and Resolution 2009-10

10. A draft of the formal Council Tax Resolution is set out in the following pages. The final version of this will be circulated directly to the Council as indicated above.

¹² Government Grant made up of redistributed Business Rates and the Formula Grant.

11. The following information is provided to assist Councillors in setting the City Council share of the Council Tax.

Total equivalent No. of dwellings in Tax Base							
Band	Ratio	No.	%	Band	Ratio	No.	%
A	6/9	6,362	17.2	E	11/9	2,909	7.9
B	7/9	12,085	32.6	F	13/9	1,203	3.2
C	8/9	9,561	25.8	G	15/9	337	0.9
D	1	4,592	12.4	H	18/9	4	0.0

N.b. over 75% of properties in Worcester fall into Bands A, B or C

12. Illustration of the Council Tax Bill on the basis of draft and budgeted figures. Each authority will be meeting to consider and set its own budget and consequent Council Tax precept in the coming weeks.

Band D Council Tax (excl' parishes)	2008-09 £:p	2009-10 £:p	Change %
City Council	150.76	158.15	4.9
County Council	984.77		
Police Authority	165.45		
Fire Authority	68.21		
Total Bill¹³	1,369.19		

The draft council tax resolution that is set out on the following pages uses these figures for illustration purposes only.

¹³ These figures do not include the Warndon Parish or St. Peter the Great County Parish precepts referred to above.

**DRAFT COUNCIL TAX RESOLUTION
CABINET – 3rd February 2009**

RECOMMENDATION TO COUNCIL

1. That the Council adopt the updated Medium Term Financial Strategy set out in the Budget Report;
2. That the Council approve the revised Capital Programme for the year 2008-09 and the Programme of Capital Expenditure for the years 2009-10 to 2013-14 as set out in the report to the Cabinet (21st January 2009)
3. That the Council approve:-
 - a) The revised revenue estimates for the year 2008-09 and the revenue estimates for 2009-10 as set out in the Budget Booklet and updated and amended by the schedule of changes to the budget set out in the Budget Report (Budget Action Plan) noting that the Head of Financial Services reported in accordance with Section 25 of the Local Government Act 2003 that the estimates are robust for the purposes of the calculations to be made in the budget and for Council Tax setting, and that the proposed financial reserves are adequate
 - b) The level of the Council's net General Fund expenditure of £13,269,099 in 2009-10
 - c) The maintenance of reserves as set out in the Budget Report and Digest and reserves should be held to safeguard the Council's financial position and protect ongoing revenue commitments within the General Fund from unforeseen future changes and variations that may arise
 - d) An instruction to the Cabinet and Heads of Service to regard their detailed budgets as cash limited and to contain their expenditure within those limits, and to continue the ongoing review of their budgets to identify further savings to keep within those limits and identify savings to keep within the overall limits implied by the Medium Term Financial Strategy in future years
 - e) Request the Cabinet to continue implementation of plans to address the need for improved efficiency as indicated by the governments "Gershon Review" and to continue to implement the changes and savings set out in the Medium Term Financial Strategy and the Budget action Plan
 - f) The revised Fees and Charges set out in the Fees and Charges Booklet.
4. That it be noted that at its meeting on 21st January 2009, the Cabinet calculated the following amounts for the year 2009-10 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992 (as amended):-
 - a) 32,354 being the amount calculated by the Cabinet, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year;

- b) 4,028 being the amounts calculated by the Cabinet, in accordance with regulation 6 of the Regulations, as the amount of its council tax base for the year for dwellings in the Parish of Warndon to which the Warndon Parish precept relates.
 - c) 2,210 being the amounts calculated by the Cabinet, in accordance with regulation 6 of the Regulations, as the amount of its Council Tax base for the year for dwellings in the Parish of St. Peter the Great County, to which the St. Peter the Great County Parish Precept relates.
5. That the following amounts be now calculated by the Council for the year 2009-10, in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:-
- a) £55,449,149 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act;
 - b) £42,085,018 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act
 - c) £13,364,131 being the amount by which the aggregate at 5(a) above exceeds the aggregate at 5(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
 - d) £8,152,314 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic rates, Revenue Support Grant, or other associated grant, as varied by any sums which the Council estimates will be transferred from its Collection Fund to its General Fund during the year (or vice versa)
 - i) in accordance with Section 97(3) and 97(4) of the Local Government Finance Act 1989 (Council Tax Surplus or Deficit); and
 - ii) in accordance with the Collection Fund (Community Charges) Directions 1994 and Sections 98(4) and 98(5) of the Local Government Finance Act 1989 (Community Charge Surplus or Deficit).
 - e) £161.09 being the amount at 5(c) above less the amount at 5(d) above, all divided by the amount at 4(a) above, calculated by the Council, in accordance with section 33(1) of the Act, as the basic amount of its Council Tax for the year
 - f) £95,032 being the aggregate amount of all special items referred

to in Section 34(1) of the Act

- g) £158.15 being the amount at 5(e) above less the result given by dividing the amount at 5(f) above by the amount at 4(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

- h) Part of the Council's area

<i>Parish of Warndon</i>	<i>£173.48</i>
Parish of St. Peter the Great County	£173.62

being the amounts given by adding to the amount at 5(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 4(b) and 4(c) respectively above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate

- (i)

Valuation Bands	Parish of Warndon £	Parish of St. Peter the Great County £	All other parts of the Council's area £
A	115.65	115.75	105.43
B	134.93	135.04	123.01
C	154.20	154.33	140.58
D	173.48	173.62	158.15
E	212.03	212.20	193.29
F	250.58	250.78	228.44
G	289.13	289.37	263.58
H	346.96	347.24	316.30

being the amounts given by multiplying the amounts at 5(g) and 5(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

6. That it be noted that for the year 2009-10 the major precept authorities (Worcestershire County Council, West Mercia Police Authority and the Hereford and Worcester Fire Authority) have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown

below;

Valuation Bands	Worcester -shire County Council £	West Mercia Police Authority £	Hereford and Worcester Fire Authority £
A			
B			
C			
D			
E			
F			
G			
H			

(These precepts are for dwellings in all parts of the Council's area)

7. That, having calculated the aggregate in each case of the amounts at 5(i) and 6 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2009-10 for each of the categories of dwellings shown below:-

Valuation Bands	Parish of Warndon £	Parish of St. Peter the Great County £	All other parts of the Council's area £
A			
B			
C			
D			
E			
F			
G			
H			