

Report of:	Meeting	Date	Item No.
Cllr Alan Vincent, Leader and Resources Portfolio Holder and Clare James, Head of Finance (s.151 Officer)	Cabinet	18 October 2017	7

Medium Term Financial Plan 2017/18 to 2020/21
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1. Purpose of report

- 1.1 To consider the Council's Medium Term Financial Plan for the financial years 2017/18 to 2020/21.

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 the consequential action required in order to address the issues resulting from the 3 year Financial Forecast;
 - b. Note the revised expenditure projections incorporating the slippage from 2016/17, and the resulting impact on the level of the Council's Reserves and Balances at 31st March 2017; 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.
- 4.2 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.).

5. Key issues and proposals

- 5.1 The last Plan was based on the Revenue Budget for 2016/17 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 2017/18 Budgets for both of these have been approved. The Outturn figures for 2016/17 (post audit), were presented to the Audit Committee on 25 July 2017. Attached, at Appendix A, is a copy of the updated Plan, which includes the latest 3-year financial forecast.

Financial and legal implications	
Finance	Considered in detail in the appendices attached.
Legal	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

implications	✓ / x
community safety	x
equality and diversity	x
sustainability	✓
health and safety	x

risks/implications	✓ / x
asset management	✓
climate change	x
data protection	x

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix A – Medium Term Financial Plan 2017/18 to 2020/21

arm/ex/cab/cr/17/1810cj2



Medium Term Financial Plan 2017/18 to 2020/21

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2017

The Medium Term Financial Plan for Wyre Council

1. Strategic Objectives

- 1.1 The Council's Business Plan sets out its vision, objectives and actions for a 4-year period, highlighting the issues upon which we have decided to focus in order to ensure that our vision is realised. Our vision is 'Together we make a difference'.

Enterprising Wyre

Key Projects
Adopt a new Local Plan to manage and deliver development through to 2031
Develop a Local Economic Development Strategy which includes working with partners and local businesses to improve the local economy
Restore the Mount and its Gardens in Fleetwood
Support and promote the Enterprise Zone at Hillhouse International Business Park at Thornton
Complete the Rossall Sea Defence Scheme
Develop and deliver a commercial strategy
Develop the Wyre Flood Forum and support local flood action groups

Healthier Wyre

Key Projects
Deliver a programme of work to promote healthy choices and healthier lifestyles to keep people well through better use of our leisure centres, recreational facilities, parks and open spaces
Play an active role in the Healthier Fleetwood initiative
Develop neighbourhood health initiatives for Garstang and Over Wyre
Explore opportunities offered by the Better Care Fund to better support older people and people with disabilities to stay in their own homes
Support the delivery of the Wyre Early Action project

Engaging Wyre

Key Projects
Deliver community priority projects through the Together We Make a Difference Network
Progress our programme of efficiency savings to ensure a balanced budget
Deliver the Asset Management Plan actions and priorities to maximise the return from our assets
Facilitate a staff development programme to support our vision and goals
Implement #DigitalWyre, our digital strategy to facilitate digital transformation of services

2. Background

- 2.1 The Council's comprehensive, Medium Term Financial Plan is a 4-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 prior research and local consultation.
- 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 continues to use the Together We Make a Difference Network to ensure better and more effective methods of achieving two-way communication.

The Council's Business Plan - outlines our vision, objectives and actions for the period 2015 to 2019 and demonstrates our commitment to make a positive difference to the lives of people living in Wyre.

Medium Term Financial Plan (MTFP) – 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. (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 regular basis in respect of both revenue and 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 scheme's inclusion in the Capital Programme, is subject to a comprehensive report to the appropriate Portfolio Holder, by the relevant Service 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 all contracts where the final expenditure exceeds the approved budget and/or contract sum by either 10% or £20,000 whichever is the lesser must be reported to the Executive.

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 3-year forward estimate of Council Tax as well as 3-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 2016/17 financial year with the Statement of Accounts formally certified by the Council's External Auditors in July. The Accounts and Audit Regulations 2015 require the Council's responsible financial officer to certify that the accounts 'present a true and fair view of the financial position' for the 2016/17 financial year by 30 June 2017. The Council is then formally required to approve and publish the Statement of Accounts no later than 30 September 2017. 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 Statement of Accounts at their meeting on 25 July 2017 and at the same meeting also considered the report from the External Auditor, referred to as the ISA260 Report.

5.2 The Local Government Association (LGA) has confirmed that the Pay Award for the National Joint Council for Local Government Services has now been agreed for 2017/18. The agreement means relevant staff will receive a pay increase of 1 per

cent from 1 April 2017, with those on the lowest spinal column points receiving a higher than 1 per cent salary increase. (Higher percentages were offered to those on lower pay points owing to the introduction of the National Living Wage from 1 April 2016). A 2% provision has been included for public sector pay for the 3 years from 2018/19 in line with recent announcements from central government indicating an imminent relaxation of the pay cap.

- 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 Assessment at 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 2018/19 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 2015-2019;
 - Waste Management Strategy 2008-2020;
 - Digital Transformation Strategy - #DigitalWyre 2017 – 2020
 - Disabled Facilities Grants Policy; and
 - Local Plan
- 5.6** As part of the annual budget cycle, and in determining the MTFP, 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’ which is published along with the Revenue Budget papers considered by Cabinet, 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 MTFP, however, as they are realised.
- 5.7** The Government, as part of the 2016/17 settlement, offered local authorities a four-year funding settlement to 2019/20 and 97% of local authorities accepted the deal. The offer was subject to the publication of an efficiency plan and was formally accepted by Wyre in October 2016. Allocations could still be subject to additional reductions, dependent on the fiscal climate and the need to make further savings to reduce the deficit. Following the outcome of the Referendum last June, to leave the European Union, there remains increased uncertainty around the government’s commitment to adhering to the original values in the four-year deal. However the final values for 2017/18, published in February 2017, confirmed no significant changes and as such these latest values have been used for the purposes of forecasting.

5.8 From 1 April 2014 the accounting arrangements for pensions changed and rather than a single percentage contribution rate being calculated to determine the employers' payment into the scheme, the charges are split with a future service contribution rate being set and charged to services together with a cash deficit recovery contribution being charged to Non Distributed Costs. The employers' equated superannuation rate, effective for the financial year commencing 1 April 2017, is 26.1% and reflects a future service contribution rate of 15.8% and an average deficit recovery contribution of £702,930 each year. The past service deficit contribution was originally meant to increase by 4.1% per annum. However, the outcome of the latest triennial review for 2017/18 to 2019/20 and the decision to pre-pay our pension contribution has resulted in an overall estimated reduction of £183,500. This option to pre-pay the council's pension contribution for the next three years, and thereby pay a reduced amount, was accepted following a Cabinet report on 15 February 2017 and is estimated to save over £342,000 including the £183,500 reduced deficit recovery payment. The next triennial review by the Actuary will be based on data at 31 March 2019 and will be effective for the 3 years commencing 1 April 2020. Whilst the new employer rates are not expected to be available until October 2019, the plan assumes a future service rate of 17.9% and that deficit recovery contributions will increase by 3.7%, an equated rate of 28.6%.

5.9 Last year, the Government introduced a new single tier flat rate pension from 1 April 2016. Previously, employers who contracted out employees from the State Second Pension paid a lower National Insurance rate to reflect contributions being made into the scheme. The introduction of the flat-rate state pension, however, results in both the State Second Pension and contracting out being abolished, with employers losing their 3.4% National Insurance rebate, estimated to be £153,000 for Wyre.

5.10 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 and this value is used to calculate the minimum revenue provision which must be reflected in the accounts. The borrowing to date is 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

Whilst there is no interest paid on the two loans that have matured, the charge to the revenue account reflecting the principal element of the repayment is calculated based on the number of years that the asset will be in operation. Interest paid on long term borrowing in 2017/18 is £68,830 and principal repayments are £95,559 – a total cost of £164,389. This cost will not reduce until 2024/25 when assets with a 15 year life span fall out of the MRP calculation.

5.11 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. The balance remaining on this reserve at 31 March 2017 is substantially committed.

- 5.12 The anticipated capital receipts from the disposal of a small plot of land adjacent to Derby Road East Car Park, Thornton-Cleveleys and the sale of Garstang Business Centre are both dependent on an agreement being signed with the respective developers and are not therefore included in the forecast.

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. An increase of 0.61% has been anticipated in 2018/19 and 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. The Council increased its share of the council tax in 2017/18 by £5 or 2.73%. As part of the Local Government Finance Settlement, the Government announced a 2% trigger for local referenda on council tax increases but also allowed any shire district council to charge a de-minimis £5 more in council tax without triggering the referendum. An annual £5 increase in council tax has therefore been assumed in 2018/19 and beyond.
- 6.3 The new Business Rates Retention Scheme was introduced in 2013/14 and essentially allows councils to keep a share of the business rate growth. A baseline level of funding has been set which, in effect, replaces the grant support that would otherwise have been awarded. The Council is allowed to keep 40% of any additional funds that it generates (with 50% being paid to the Government, 9% to Lancashire County Council and 1% to the Fire Authority) but this is normally regulated by the payment of a levy at 50%. With effect from 1 April 2016, however, the Council was designated as belonging to the Business Rates Pool of Lancashire. This will result in the County Council being paid 10% of the retained levy (prior to the cost of administering the pool) with Wyre retaining 90% of the levy previously payable. A consequence of being part of the Business Rates Pool is that the Council will no longer be eligible to receive a safety net payment should the business rate base in the area decline and fall below 92.5% of the baseline funding level. The Council continues to receive revenue support grant in addition to an element of retained business rates and the plan reflects an expected reduction in government grant support (RSG and NDR) for 2018/19 of 8.5%. The multi-year settlement indicates a further reduction of 9.3% for 2019/20 (prior to the adjustment to the tariff reflecting negative RSG of £33,229). Beyond this, the forecast assumes that the funding level will increase by a modest 2% pending further information on the replacement scheme for RSG and developments in relation to the 100% Business Rates Retention scheme.
- 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 5% of net expenditure before other government grants (£629,540) together with the element of the reduction in business rates that authorities must meet before the Government would consider any safety net payment (£238,785 in 2017/18), is now £868,325. 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 2017, 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 to facilitate investment in the Borough.

7. Risk Assessment

7.1 An assessment of the risks associated with the 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 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

Invest to save/Income generation - Bid for Revenue/Capital Growth 2018/19

1. Project/Scheme Title:
2 Portfolio: Health and Community Engagement <input type="checkbox"/> Leisure and Culture <input type="checkbox"/> Neighbourhood Services and Community Safety <input type="checkbox"/> Planning and Economic Development <input type="checkbox"/> Resources <input type="checkbox"/> Street Scene, Parks and Open Spaces <input type="checkbox"/>
3. Project/Scheme Owner: (Service Director/Head of Service)
4. General Description of the Scheme including details of how the project supports the Business Plan:
5. Identify the priority to which this request relates. <i>(Please tick all that apply)</i> A Enterprising Wyre A1 Adopt a new Local Plan to manage and deliver development through to 2031 <input type="checkbox"/> A2 Develop a Local Economic Development Strategy which includes working with partners and local businesses to improve the local economy <input type="checkbox"/> A3 Restore the Mount and its Gardens in Fleetwood <input type="checkbox"/> A4 Support and promote the Enterprise Zone at Hillhouse International Business Park at Thornton <input type="checkbox"/> A5 Complete the Rossall Sea Defence Scheme <input type="checkbox"/> A6 Develop and deliver a commercial strategy <input type="checkbox"/> A7 Develop the Wyre Flood Forum and support local flood action groups <input type="checkbox"/> B Healthier Wyre B1 Deliver a programme of work to promote healthy choices and healthier lifestyles to keep people well through better use of our leisure centres, recreational facilities, parks and open spaces <input type="checkbox"/> B2 Play an active role in the Healthier Fleetwood initiative <input type="checkbox"/> B3 Develop neighbourhood health initiatives for Garstang and Over Wyre <input type="checkbox"/> B4 Explore opportunities offered by the Better Care Fund to better support older people and people with disabilities to stay in their own homes <input type="checkbox"/> B5 Support the delivery of the Wyre Early Action project <input type="checkbox"/> C Engaging Wyre C1 Deliver community priority projects through the Together We Make a Difference Network <input type="checkbox"/> C2 Progress our programme of efficiency savings to ensure a balanced budget <input type="checkbox"/> C3 Deliver the Asset Management Plan actions and priorities to maximise the return from our assets <input type="checkbox"/> C4 Facilitate a staff development programme to support our vision and goals <input type="checkbox"/> C5 Implement #DigitalWyre, our digital strategy to facilitate digital transformation of services <input type="checkbox"/>

6	What are the links to Asset Management in terms of whole life costing (e.g. have you taken into account backlog maintenance, future maintenance requirements over the life of the scheme, energy consumption, etc.)?																		
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 equality i.e. does the scheme improve equality of access or outcome <input type="checkbox"/> (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.	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 70%;">Estimated Cost</th> <th style="text-align: right; width: 30%;">£</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>2019/20</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>2020/21</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>2021/22</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Future Years (Please Specify)</td> <td style="text-align: right;">_____</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>_____</u></td> </tr> </tbody> </table> <p style="margin-top: 10px;">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.</p> <p style="text-align: right; margin-top: 20px;">_____</p>	Estimated Cost	£	2018/19	_____	2019/20	_____	2020/21	_____	2021/22	_____	Future Years (Please Specify)	_____	<u>Total</u>	<u>_____</u>				
Estimated Cost	£																		
2018/19	_____																		
2019/20	_____																		
2020/21	_____																		
2021/22	_____																		
Future Years (Please Specify)	_____																		
<u>Total</u>	<u>_____</u>																		
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: Circle the most appropriate indicator of risk should the bid be refused and why: <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">5</td> <td style="padding-right: 10px;">=</td> <td>Very High Risk</td> </tr> <tr> <td>4</td> <td>=</td> <td>High Risk</td> </tr> <tr> <td>3</td> <td>=</td> <td>Med Risk</td> </tr> <tr> <td>2</td> <td>=</td> <td>Low Risk</td> </tr> <tr> <td>1</td> <td>=</td> <td>Very Low Risk</td> </tr> <tr> <td>0</td> <td>=</td> <td>No Risk</td> </tr> </table>	5	=	Very High Risk	4	=	High Risk	3	=	Med Risk	2	=	Low Risk	1	=	Very Low Risk	0	=	No Risk
5	=	Very High Risk																	
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1	=	Very Low Risk																	
0	=	No Risk																	



Charging Policy 2018/19

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2017

Charging Policy 2018/19

1. Background

- 1.1 The Cabinet last formally considered its charging policy at its meeting on the 7 September 2016.
- 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 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 A new briefing entitled ‘Income from Charging’ was issued by the Audit Commission in September 2013 which uses data from the value for money profiles and presented a high level analysis of councils' income from charging and the contribution it makes to service spending and allowed comparisons to other councils of the same type and changes over time. The data was the subject of a value for money review undertaken as part of the Overview and Scrutiny work programme and was considered at the meeting 15 December 2014. Having fully explored and investigated the variances, it was felt that the value of the research was limited with the additional benefit not being sufficient to justify the exercise being repeated.
- 1.6 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 The Council is keen to encourage a shared responsibility for improving neighbourhoods and wherever possible will consult local people and communities on charging policies. 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

Service Area	Determined by WBC √ or X	Estimated Value 2017/18 £	Able to Influence £	Unable to Influence £
<u>Chief Executive</u>				
Planning	X	525,680		525,680
Development Control	√	15,180	15,180	
Wyred Up	√	-	-	
Credit Card Administration Fee	√	8,400	8,400	
Sub Total		549,260	23,580	525,680
<u>Health and Wellbeing</u>				
Leisure Centres (including pools)**	√	-	-	
Marine Hall	√	90,980	90,980	
Thornton Little Theatre	√	39,240	39,240	
Marsh Mill	√	500	500	
Renovations Grants (Fee Income)	√	160,510	160,510	
Houses in Multiple Occupation	√	4,770	4,770	
Care and Repair Service	√	4,130	4,130	
Handyperson (Fee Income)	√	14,200	14,200	
Animal Licensing	√	9,650	9,650	
Taxi Licensing	√	72,080	72,080	
Licensing Act	X	86,930		86,930
Gambling Act Licensing	X	26,870		26,870
Other Licensing ***	√	4,290	4,290	
Pest Control	√	37,020	37,020	
Private Water Supplies	√	1,450	1,450	
Food Safety	√	3,750	3,750	
Data Protection Enquiries	√	100	100	
Contaminated Land	√	400	400	
Pollution Prevention Control	X	7,370		7,370
Poulton Market*	√	33,090	33,090	
Fleetwood Market*	√	514,750	514,750	
Fleetwood Market – Public Convenience Charges (Non-Danfo)	√	8,080	8,080	
Sub Total		1,120,160	998,990	121,170
<u>Performance and Innovation</u>				
Building Control	√/X	173,950	700	173,250
Land Charges	X	81,170		81,170
Street Nameplates and Numbering	√	5,000	5,000	
Estates use of land for commercial events	√	1,000	1,000	
Other Legal Fees	√	16,750	16,750	
Sub Total		277,870	23,450	254,420
<u>People and Places</u>				
Cemetries	√	252,890	252,890	
Countryside	√	4,600	4,600	
Wyre Estuary Country Park	√	600	600	
Car Parking	√/X	559,130	559,130	
Resident Parking Permits	√	11,300	11,300	
Electoral Services	√	1,800	1,800	
National Non-Domestic Rates (Court Costs)	√	18,000	18,000	
Photocopying	√	500	500	
Council Tax (Court Costs)	√	261,750	261,750	
Hire of Committee Rooms	√	16,700	16,700	
Dog Warden	√	5,050	5,050	
Street Cleansing	X	2,500		2,500
Public Conveniences (Danfo)	√	40,000	40,000	
Outdoor Leisure	√	12,590	12,590	
Bulky Household Waste	√	48,000	48,000	
Green Waste Removal	√	698,730	698,730	
Bin Delivery Administration Costs	√	40,800	40,800	
Sub Total		1,974,940	1,972,440	2,500
Total		3,922,230	3,018,460	903,770

* Fleetwood and Poulton 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, scrap metal operators' and street trading licences.

MEDIUM TERM FINANCIAL PLAN - SUMMARY FINANCIAL FORECAST

Appendix 3

<u>Revenue Budgets</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
	£'000	£'000	£'000	£'000
Base Borough Requirements, increased for prior year inflation, but excluding Use/Top-up of Balances (shown below).	11,191	11,191	11,508	11,866
<u>Inflationary Assumptions on the above Base.</u>				
Pay Officers and Member Allowances- 2%		196	200	204
Prices, Specific Contracts and Other costs (Variable)/Energy.		121	158	198
<u>Expected Future Changes on the above Base.</u>				
Revenue changes and 16/17 slippage met by improved Balances.	999	0	0	0
Capital Programme revenue implications.	0	6	23	114
Employee (incl. Member Allowances) and related cost - NI changes; Pension contributions; Protection; FTCs; Grant Aided schemes ending, long service awards and restructures.	-76	-5	4	29
External Contributions/Grant and Grant Aided schemes - Council Tax Support; Other Local Authorities; S106; DCLG and DWP.	-112	-33	-31	-21
Other Services including :- Surface Water Drainage; Borough Elections; Citizens Advice Bureau; Leisure Centres; Marine Lake; Commuted Sums; Licensing; Community Development; LCC Domestic Abuse Service; Marsh Mill; Homelessness; Civic Centre and Bank Charges.	-64	179	199	-90
Regeneration/Economic situation changes - Building Control; Local Development Framework; Depots; Fleetwood Market; Parking; MOT Test Centre and Hillhouse Enterprise Zone.	-2	-18	-37	-36
Waste Management - Waste Collection Contract, Green Waste and LCC Cost Share Allowance	-53	967	992	1,017
Capital Programme, cost of Borrowing and Investment Interest.	-8	10	-47	-50
Capital Programme, Revenue contributions.	264	-15	84	166
Reserve Contribution Changes.	-112	84	37	75
Revenue Support Grant - External Government Grant (all per final Local Government Finance Settlement)	-912	-466	0	0
Baseline Funding - External Government Grant (all per final Local Government Finance Settlement)	-3,189	-3,286	-3,403	-3,471
NDR income in excess of Baseline retained by Wyre.	-178	0	0	0
New Homes Bonus - Government Grant.	-2,103	-1,329	-708	-226
New Homes Bonus Top Slice - Government Grant.	-8	0	0	0
Non-Domestic Rates - Government Grant.	-949	-40	-16	-2
Non-Domestic Rates - Levy.	480	0	0	0
Non-Domestic Rates - Retained Levy (Lancashire Pool).	-432	0	0	0
Collection Fund Adjustment - Council Tax re prior year.	-131	0	0	0
Collection Fund Adjustment - Non-domestic Rates re prior year.	1,480	0	0	0
Net Wyre Requirement met by Council Tax and Balances.	6,085	7,562	8,963	9,773
Base 17/18 and Forecast Cost met by Council Tax.	<u>6,739</u>	<u>6,960</u>	<u>7,184</u>	<u>7,410</u>
Net Spending change i.e. need to Use/ Top Up (-) Balances.	-654	602	1,779	2,363

	£	£	£	£
Balances as at 1 April.	10,531,480	11,185,025	10,582,555	8,804,037
Add Top Up of Balances in Base.	653,545	0	0	0
Less Use of Balances.	0	-602,470	-1,778,518	-2,363,368
Balances estimated Surplus / Deficit (-) at 31 March.	11,185,025	10,582,555	8,804,037	6,440,669
NB Prudent level of Balances £868,000.				

Tax Base, assumed 0.61% annual increase.	35,785	36,006	36,227	36,448
Forecast Council Tax £ p.	£188.31	£193.31	£198.31	£203.31
Annual Council Tax Increase £.	£5	£5	£5	£5
Additional Council Tax income = £		£221,630	£223,841	£226,052

RESERVES AND BALANCES STATEMENT

Appendix 3 continued

	Actual Balance at 01/04/2017 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2018 £
<u>2017/18 LATEST ESTIMATE* INCLUDING OUTTURN 2016/17 AND SLIPPAGE</u>				
Reserves				
Building Control	12,199	0	-3,440	8,759
Business Growth Incentive	9,424	0	-9,424	0
Capital Investment	816,530	99,590	0	916,120
Elections	30,059	41,217	0	71,276
Insurance	28,730	40,000	-310	68,420
Investment - I.T. Strategy	336,600	80,361	-285,560	131,401
Land Charges	29,052	1,240	0	30,292
Leisure Management	186,058	6,340	0	192,398
New Homes Bonus	3,071,302	341,192	-568,749	2,843,745
Non-Domestic Rates Equalisation	1,765,941	900,967	-1,480,210	1,186,698
Performance Reward Initiatives	36,367	0	-2,620	33,747
Value for Money	633,520	89,342	-5,662	717,200
Vehicle Replacement/Street Cleansing Maintenance	513,566	223,971	-321,651	415,886
	<u>7,469,348</u>	<u>1,824,220</u>	<u>-2,677,626</u>	<u>6,615,942</u>
Balances				
General	10,531,480	653,545	0	11,185,025
	<u>18,000,828</u>	<u>2,477,765</u>	<u>-2,677,626</u>	<u>17,800,967</u>

Note. None of the Land Charges 31/03/18 balance is for Personal Search revocation implications.

* Includes changes since Council 02/03/17

	Estimated Balance at 01/04/2018 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2019 £
<u>2018/19 LATEST ESTIMATE*</u>				
Reserves				
Building Control	8,759	0	0	8,759
Capital Investment	916,120	99,590	0	1,015,710
Elections	71,276	41,217	0	112,493
Insurance	68,420	40,000	0	108,420
Investment - I.T. Strategy	131,401	55,565	-80,000	106,966
Land Charges	30,292	0	0	30,292
Leisure Management	192,398	0	0	192,398
New Homes Bonus	2,843,745	0	-568,749	2,274,996
Non-Domestic Rates Equalisation	1,186,698	39,900	-285,731	940,867
Performance Reward Initiatives	33,747	0	-2,620	31,127
Value for Money	717,200	0	0	717,200
Vehicle Replacement/Street Cleansing Maintenance	415,886	249,940	-246,000	419,826
	<u>6,615,942</u>	<u>526,212</u>	<u>-1,183,100</u>	<u>5,959,054</u>
Balances				
General	11,185,025	0	-602,470	10,582,555
	<u>17,800,967</u>	<u>526,212</u>	<u>-1,785,570</u>	<u>16,541,609</u>

Note. None of the Land Charges 31/03/19 balance is for Personal Search revocation implications.

* Includes changes since Council 02/03/17

RESERVES AND BALANCES STATEMENT - Continued**Appendix 3 continued**

	Estimated Balance at 01/04/2019 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2020 £
<u>2019/20 LATEST ESTIMATE*</u>				
Reserves				
Building Control	8,759	0	0	8,759
Capital Investment	1,015,710	82,990	0	1,098,700
Elections	112,493	41,217	-153,710	0
Insurance	108,420	40,000	0	148,420
Investment - I.T. Strategy	106,966	45,570	-118,020	34,516
Land Charges	30,292	0	0	30,292
Leisure Management	192,398	0	0	192,398
New Homes Bonus	2,274,996	0	-568,749	1,706,247
Non-Domestic Rates Equalisation	940,867	16,430	0	957,297
Performance Reward Initiatives	31,127	0	-1,233	29,894
Value for Money	717,200	0	0	717,200
Vehicle Replacement/Street Cleansing Maintenance	419,826	256,214	-344,500	331,540
	5,959,054	482,421	-1,186,212	5,255,263
Balances				
General	10,582,555	0	-1,778,518	8,804,037
	16,541,609	482,421	-2,964,730	14,059,300

Note. None of the Land Charges 31/03/20 balance is for Personal Search revocation implications.

* Includes changes since Council 02/03/17

RESERVES AND BALANCES STATEMENT

	Estimated Balance at 01/04/2020 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2021 £
<u>2020/21 LATEST ESTIMATE*</u>				
Reserves				
Building Control	8,759	0	0	8,759
Capital Investment	1,098,700	0	0	1,098,700
Elections	0	41,217	0	41,217
Insurance	148,420	40,000	0	188,420
Investment - I.T. Strategy	34,516	63,885	-80,000	18,401
Land Charges	30,292	0	0	30,292
Leisure Management	192,398	0	0	192,398
New Homes Bonus	1,706,247	0	-568,749	1,137,498
Non-Domestic Rates Equalisation	957,297	2,350	0	959,647
Performance Reward Initiatives	29,894	0	0	29,894
Value for Money	717,200	0	0	717,200
Vehicle Replacement/Street Cleansing Maintenance	331,540	262,153	-426,700	166,993
	5,255,263	409,605	-1,075,449	4,589,419
Balances				
General	8,804,037	0	-2,363,368	6,440,669
	14,059,300	409,605	-3,438,817	11,030,088

Note. None of the Land Charges 31/03/21 balance is for Personal Search revocation implications.

* Includes changes since Council 02/03/17



Policy on the Level of Reserves and Balances

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2017

Policy on the Level of Reserves and Balances

1. Legislative/Regulatory Framework

- 1.1 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A 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 (Head of Finance) 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 requirements – earmarked reserves are accounted for separately but remain legally part of the General Fund.
- 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 In order to assess the adequacy of unallocated general reserves when setting the budget or the MTFP chief finance officers should take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. The following factors should be considered:

Budget Assumptions	Financial Standing and Management Assessment/Impact
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax and business rate collection rates, etc.), commodity prices e.g. fuel, the cost of borrowing and anticipated investment returns
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management including the robustness of the medium term financial plans
The treatment of demand led pressures	The authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings/gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/over spends at authority and directorate level and any contract provisions, designed to safeguard the authority's position
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks
The general financial climate to which the authority is subject.	External factors such as future funding levels, referenda principles/limits and the authority's ability to replenish reserves once used

- 4.2 The Council's minimum prudent level of balances, calculating the requirement at approximately 5% of net expenditure before other government grants (£629,540) together with the element of the reduction in business rates that authorities must meet before the Government would consider any safety net payment (£238,785 in 2017/18), is now £868,325. 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 general and earmarked reserves is determined formally by Cabinet in September, with the approval of the MTFP, and in February, at the annual budget setting meeting, informed by the advice and judgement of the finance director.

5.2 Both reports include a statement showing the estimated opening general and reserve fund balances for the year ahead, the additions/withdrawals, and the estimated end of year balances. A statement is also included commenting on the adequacy of the general and earmarked reserves in respect of the forthcoming financial years.

6. Reserves Protocol

Reserve as at 31.03.17	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.	3 to 5 year rolling accounting period over which costs should equate with charge income.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Business Growth Incentive	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 Head of Finance	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 Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP 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 four years and is next due in May 2019.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Insurance	To meet the cost of insurance claims.	Used to fund the cost of insurance excess and any associated costs not covered by any premium.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Investment – IT Strategy	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 Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.

Reserve as at 31.03.17	Purpose	How and When Used	Procedures for management and control	Timescale for review
Land Charges	Compliance with guidance issued by the Lord Chancellor (Section 13A, LLCA 1975).	Councils are required to assess the cost of providing a service, the projected take-up of that service and thus the charge that should be made over a period of between one and three years. This reserve, following receipt of a 'new burdens' payment from DCLG, will also contribute to the cost of the personal search revocation implications.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP 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/ fund reinvestment.	Partnering arrangement whereby the partners share financial risk and reward – See Legal Agreement.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
New Homes Bonus (2011/12, 2012/13 and 2013/14 Awards only)	To encourage local authorities to facilitate housing growth.	Supports the shortfall in income, resulting from the decision to freeze the level of council tax, through to 2022/23.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Non-Domestic Rates Equalisation	To protect against volatility associated with the new Business Rate Retention Scheme.	Section 31 grant receipts, net of NDR levy, used to cushion the Council against future reductions in business rate income, including the financial impact of successful appeals as notified by the Valuation Office.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Performance Reward Initiatives	To assist the delivery of Shaping Your Neighbourhood projects.	Used to support the delivery of the local projects developed as part of the Shaping Your Neighbourhood Initiative.	Managed by the Head of Finance	Annually and subject to individual reports on proposals for usage.
Value For Money	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, NDR, housing benefit and LCTS.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Vehicle Replacement/ Street Cleansing Maintenance	Replacement of the Council's vehicle fleet and smoothing the maintenance cost for the street cleaning vehicles.	Funding to meet current and anticipated vehicle/ plant requirements - ultimately charging the cost to revenue over the life of the asset. Also includes maintenance of street cleansing vehicles and set-up costs for MOT station.	Managed by the Head of Finance	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process as well as subject to individual reports on proposals for usage.

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	Head of Finance	Cabinet; Council.
Income targets not achieved due to economic climate impacting on demand.	Low (1)	Medium (2)	Low (2)	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.
Efficiency savings not achieved.	Medium (2)	High (3)	High (6)	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 or New Homes Bonus.	Medium (2)	High (3)	High (6)	Limit reliance on this type of funding and review other options, highlighting sensitivities in the MTFP.	Ongoing	Head of Finance	Management Board
Changes to Local Government Finance resulting from Business Rates Retention Scheme e.g. unfavourable variations in reliefs, decline in RVs, growth, collection rates, beneficial impact of pooling is not realised, etc.	Medium (2)	High (3)	High (6)	Close monitoring of new arrangements and establishment of an earmarked reserve to cushion against volatility.	Ongoing	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.	Low (1)	Medium (2)	Low (2)	Close monitoring of revenue spend. Re-negotiation of energy contracts when they fall due.	Monthly	Head of Finance	Management Team
Capital receipts are not realised from asset disposals.	Medium (2)	High (3)	High (6)	Prioritisation of disposals and effective marketing of sites.	Ongoing	Service Director Performance and Innovation and Head of Built Environment	Management Team
Potential volatility concerning aspects of the new Localised Council Tax Support Scheme e.g. caseload, collection rates, etc.	Low (1)	Medium (2)	Low (2)	Close monitoring of new arrangements.	Monthly	Head of Finance	Management Board
New cost pressures are devolved by Central Government as part of the 100% Business Rates Retention without the necessary funding.	Medium (2)	Medium (2)	Medium (4)	Early monitoring of situation allowing the development of plans to mitigate financial impact.	Ongoing	Head of Finance	Management Board

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