



Meeting of the City Council

5 March 2014

Report title	5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 Treasury Management Strategy 2014/15 Capital Programme 2013/14 to 2017/18: Quarter Three Review and 2014/15 to 2018/19 Budget Strategy Council Tax Formal Resolutions	
Referring body	Cabinet	
Councillor to present report	Councillor Roger Lawrence	
Wards affected	All	
Cabinet Member with lead responsibility	Councillor Roger Lawrence Leader of the Council Councillor Andrew Johnson Resources	
Strategic director	Simon Warren, Chief Executive Sarah Norman, Community Keith Ireland, Delivery Tim Johnson, Education and Enterprise	
Originating service	Delivery	
Contact employee(s)	Mark Taylor	Assistant Director Finance 01902 55(6609) mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Cabinet	14 February 2014 25 February 2014

Recommendation(s) for action or decision:

The Council is recommended to approve:

Cabinet recommendations from the Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 report:

1. The net budget requirement for 2014/15 of £237.6 million for General Fund services
2. The implementation of the additional savings proposals subject to the outcome of appropriate scrutiny, consultation and equality analyses.
3. A Council Tax for council services in 2014/15 of £1,316.72 for a Band D property, being an increase of 1.99% on 2013/14 levels.
4. The agreement and arrangements to phase the increased cost of pension contributions to West Midlands Pension Fund, following the results of the 2013 actuarial valuation, over the following six financial years.
5. That authority to agree a composite employer's contribution rate with the West Midlands Pension Fund be delegated to the Assistant Director Finance (Section 151 Officer).
6. The formal response to the budget consultation, and in particular the reinstatement of three Neighbourhood Warden posts, which has been reflected in the 2014/15 net budget requirement presented to Councillors for approval.
7. That a minimum of £25 million of additional savings for 2015/16 should be identified and reported to Cabinet in June 2014, in order to demonstrate that a balanced budget can be achieved and that general reserves can be partially replenished.
8. That additional savings for 2014/15 should be identified and reported to Cabinet in June 2014 and then Council in July 2014 in order to revise the 2014/15 budget and reduce the call on general reserves.
9. That a further £35 million of additional savings should be identified, taking the total additional savings to be identified to £60 million, in order to address the projected budget deficit over the medium term to 2018/19.
10. That due to the extreme uncertainty facing the Council and the potentially significant impact that this has on the accuracy of financial projections the period of the medium term financial strategy should continue to extend to 2018/19 only, for the foreseeable future.
11. That the existing Wolverhampton City Council scheme for awarding Discretionary Rate Relief under Section 47 Local Government Finance Act 1988 be ended on 31 March 2015, in order that a new scheme can be implemented with effect from 1 April 2015.

Cabinet recommendations from the Treasury Management Strategy 2014/15 report:

1. That the authorised borrowing limit for 2014/15 as required under Section 3(1) of the Local Government Act 2003 be set at £1,006.6 million (PI 5, page 32).
2. The Treasury Management Strategy as set out in Appendix A to the report.
3. The Annual Investment Strategy as set out in Appendix B to the report.
4. The Prudential and Treasury Management Indicators as set out in Appendix C to the report.
5. The Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2014/15 onwards as set out in Appendix D to the report.
6. That the method used to calculate MRP for 2013/14 as set out in the Annual Minimum Revenue Provision (MRP) Statement approved by Council on 6 March 2013 be amended to the method as set out in Appendix D to the report.
7. The Treasury Management Policy Statement and Treasury Management Practices as set out in Appendix F to the report.
8. That Cabinet (Resources) Panel and Council will receive regular Treasury Management reports during 2014/15 on performance against the key targets and Prudential and Treasury Management Indicators in the Treasury Management Strategy and Investment Strategy as set out in Appendices B and C to the report.
9. That authority continues to be delegated to the Assistant Director Finance to amend the Treasury Management Policy and Practices to ensure that they remain aligned with the Treasury Management Strategy, the Prudential and Treasury Management Indicators, the Investment Strategy and the Annual MRP Statement. Any amendments will be reported to the Cabinet Member for Resources and Cabinet (Resources) Panel as appropriate.

Cabinet recommendations from the Capital Programme 2013/14 to 2017/18 Quarter Three Review and 2014/15 to 2018/19 Budget Strategy report:

1. The revised medium term General Fund (excluding housing revenue account) capital programme of £315.6 million for the period 2013/14 to 2018/19.
2. Additional resources for existing schemes totalling £3.6 million.
3. Additional resources for new schemes totalling £5.3 million.
4. The capitalisation of redundancy costs of £1.3 million under the capitalisation direction received from the Secretary of State on 17 January 2014.

Council Tax formal resolutions for 2014/15:

The resolutions as follows:

1. That it be noted that the Council Tax base for the year 2014/15 is calculated at £57,029.97 (Item T in the formula in Section 32 of the Local Government Finance Act 1992, as amended (the "Act"), as reported to Cabinet on 22 January 2014 and subsequently amended under delegated authority by the Cabinet Member for Resources in consultation with the Assistant Director Finance.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2014/15 is £76,587,000.
3. That the following amounts be calculated for the year 2014/15 in accordance with Sections 32 to 37 of the Local Government Finance Act 1992 as amended:-
 - (a) £760,990,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) of the Act.
 - (b) £684,403,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
 - (c) £76,587,000 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 32 of the Act).
 - (d) £1,342.92 being the amount at 3(c) above (Item R), all divided by Item T (section 1 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 (including Parish precepts).
 - (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(2) of the Act.
 - (f) £1,342.92 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(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 Parish precept relates.
4. To note that the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Precepting Authority	Valuation Bands			
	A	B	C	D
	£	£	£	£
West Midlands Fire & Rescue Authority	35.91	41.90	47.88	53.87
West Midlands Police and Crime Commissioner	69.65	81.25	92.86	104.47

Precepting Authority	Valuation Bands			
	E	F	G	H
	£	£	£	£
West Midlands Fire & Rescue Authority	65.84	77.81	89.78	107.73
West Midlands Police and Crime Commissioner	127.69	150.90	174.12	208.94

5. That the Council, in accordance with Sections 30 to 37 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2014/15 for each part of its area and for each of the categories of dwellings.

6.

Wolverhampton City Council Precept 2014/15

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
895.28	1,044.49	1,193.71	1,342.92	1,641.35	1,939.77	2,238.20	2,685.84

7. That, having calculated the aggregate in each case of the amounts at (iii) (f) and (iv) above, the City Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of the Council Tax for the year 2014/15 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,000.84	1,167.64	1,334.45	1,501.26	1,834.88	2,168.48	2,502.10	3,002.51

8. That a notice of the amounts payable in respect of chargeable dwellings in each valuation band for the year commencing on 1 April 2014 be published in at least one local newspaper and that in accordance with Section 38(2) of the Local Government Finance Act 1992, this notice shall also make reference to the National Non-Domestic Rating Multiplier set by the Secretary of State, and specify that the Council Tax and the non-domestic rate demands are annual demands which cover the full financial year.

9. That it be noted that the amount calculated for the purposes of Section 52ZX of the Local Government Finance Act 1992 is not excessive under Section 52ZB of that Act, and accordingly the Council does not need to hold a referendum on its Council Tax for 2014/15.

Recommendations for noting:

The Council is asked to note:

Cabinet recommendations from the Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 report:

1. That the budget for 2014/15 is in balance after the use of £11.8 million of general balances (paragraph 6.6).
2. The changes to the 2014/15 draft budget for General Fund services, previously approved by Cabinet on 8 January 2014, as detailed at paragraph 6.2.
3. That all other aspects of the draft 2014/15 budget and medium term financial strategy, previously approved by Cabinet on 23 October 2013 and 8 January 2014, remain unchanged.
4. That, in the opinion of the Assistant Director Finance (Section 151 Officer), the 2014/15 budget estimates are robust (paragraph 6.7).
5. That, in the opinion of the Assistant Director Finance (Section 151 Officer), the proposed levels of reserves, provisions and balances is adequate in respect of the forthcoming financial year, noting also that projections indicate that the general balance will fall below the approved minimum of £10 million during 2014/15 and that whilst the policy on the use of reserves permits this, this can only be the case for a short period (paragraph 7.1.3).
6. The Medium Term Financial Strategy as summarised at paragraph 2.2.
7. The work that is in progress on fees and charges for 2014/15, which will be reported to Cabinet (Resources) Panel on 11 March 2014 (paragraph 7.1.4).
8. That due to the uncertainty surrounding the future of public finances in 2015/16 and beyond, and the existing assumptions concerning the successful delivery of savings amounting to £66.7 million, the projected additional savings requirement of £60 million over the medium term could change significantly over the coming years as more information becomes available (paragraph 2.9).
9. That having identified savings in excess of £100 million over the last four financial years, the extent of the financial challenge over the medium term represents the most significant that the council has ever faced (paragraph 6.4).
10. That councillors must have due regard to the public sector equality duty (Section 149 of the Equality Act 2010) when making budget decisions (paragraph 14.8).

1.0 Purpose

- 1.1 To obtain Full Council approval for the annual revenue budget, capital budget and treasury management strategy as recommended by Cabinet and to pass the statutory formal Council Tax resolutions.

2.0 Background

- 2.1 The Council's revenue and capital budgets together with the treasury management strategy require approval by Full Council on an annual basis. In addition Full Council has to pass statutory resolutions in respect of Council Tax before the commencement of each financial year.

3.0 Reports

- 3.1 The budget setting information and recommendations from Cabinet are all set out in the relevant reports to Cabinet:
- Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 – 25 February 2014
 - Capital Programme 2013/14 to 2017/18: Quarter Three Review and 2014/15 to 2018/19 Budget Strategy – 25 February 2014
- 3.2 Cabinet recommendations in relation to the treasury management strategy are set out in the report to Cabinet:
- Treasury Management Strategy 2014/15 – 25 February 2014
- 3.3 The setting of the Council Tax Base is set out in the report to Cabinet:
- Council Tax Base and NNDR (Business Rates) Net Rate Yield 2014/15 – 22 January 2014

The report delegated authority to the Cabinet Member for Resources in consultation with the Assistant Director Finance to approve amendments to the Council Tax Base as a result of any data revisions and changes in projections. A minor change was made under this delegated authority to increase the tax base from £56,299.12 to £57,029.97.

- 3.4 All reports are available on the Council's website and may be accessed via the following link [2013/14 Cabinet Reports](#)

4.0 Financial implications

- 4.1 The financial implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

5.0 Legal implications

5.1 The legal implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

6.0 Equalities implications

6.1 The equalities implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

7.0 Environmental implications

7.1 The environmental implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

8.0 Human resources implications

8.1 The human resources implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

9.0 Schedule of background papers

5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 – Cabinet 25 February 2014

Capital Programme 2013/14 to 2017/18 Quarter Three Review and 2014/15 to 2018/19 Budget Strategy – Cabinet 25 February 2014

Treasury Management Strategy 2014/15 – Cabinet 25 February 2014

Council Tax Base and NNDR (Business Rates) Net Rate Yield 2014/15 – Cabinet 22 January 2014