

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

13 NOVEMBER 2007

REPORT OF THE DIRECTOR OF FINANCE

TREASURY MANAGEMENT - PROJECTED BUDGET 2008-2011

1. EXECUTIVE SUMMARY

- 1.1 This report informs Members of the Projected Budget for 2008-2011 and is a disaggregated version of a report that Cabinet will consider on the overall Council budget. It outlines the key financial changes to the Treasury Management budget which covers the costs of the Councils investment and borrowing activities plus corporate management and democratic representation.
- 1.2 Members are asked to endorse the proposals for 2008-2011 and refer them to the Budget Cabinet meeting on 21 February 2008.

2. INTRODUCTION

- 2.1. The Council agreed the Medium Term Financial Strategy on 6 September 2007. This sets a financial strategic overview for the period 2008-11. Services need to be financed within the funds that are available. It details the major financial challenge facing the Council as the need to bridge the gap between spending and the resources that are available. The budget setting process is the means by which these longer term financial plans are turned into the annual base budget.
- 2.2 Projected budgets for a three year period are detailed. This is to coincide with the period of the Comprehensive Spending Review 2007 (CSR). The Department for Communities and Local Government (DCLG) has stated that following the CSR the Local Government Finance Settlement will cover the period from 2008 to 2011 and that Local Authorities will be expected to budget on a 3 year period. In order to move towards this requirement this report outlines indicative budgets for the years 2009 to 2011. The Council will be expected to set the budget for the first year of this period, 2008/09 publishing planned departmental budgets for the following two years.
- 2.3 Due to the budget challenge facing the Council this report presents to this committee the projected budget earlier than has been the practice in previous years. This is to allow Members sufficient time in the budget setting process to consider the base estimate for 2008-09. The format focuses on the key financial changes that will impact on the Treasury Management budget. Further details of these are contained in section 3.

3. PROJECTED BUDGET 2008/09-2010/11

3.1 The Medium Term Financial Strategy was agreed by the Cabinet on 6 September 2007. This strategy covered:

- Resource issues and principles that shape the Council Budget
- Allocation of Resources to priorities
- Current issues and potential developments that provided the basis for the revenue and capital budgets for 2008/09 -2010/11

3.2 The Projected Budget 2008/09-2010/11 is detailed at appendix 1 and includes the items that are detailed in the following paragraphs.

3.3 Inflation

3.3.1 Provision is included for pay at 2% and income at 3% for 2008-2011. Provision has been included for price inflation at 2% in line with the Cabinet decision of 24 May 2007.

3.4 Inter Departmental Budget transfers

3.4.1 At this stage of the budgetary process, no interdepartmental transfers have been identified.

3.5 Specific Grants and time limited funding

3.5.1 There are no specific grants or time limited funding issues that relate to Treasury Management.

3.6 Savings

3.6.1 Cabinet on 24 January 2007 agreed to the preparation of an efficiency plan for 2008-2011 totalling £30m. This projected budget shortfall was up dated at Cabinet on 7 June 2007 primarily for price inflation and the projected shortfall revised to £45.4m. This has been apportioned between departments.

3.7 Growth

3.7.1 Growth agreed by Cabinet includes £3.4m for capital financing costs. This is to fund the cost of the current and projected capital programme 2007/2011 and the capitalisation of equal pay and highways maintenance costs.

4 BUDGET TIMETABLE

4.1 The Budget and Council Tax for 2008/09 is anticipated to be agreed at the Council meeting on 3 March 2008. Prior to this the Treasury Management budget presented here will be updated for changes to central establishment, administrative buildings and other recharges that will be revised to reflect changes arising from the budget process and further decisions made by Cabinet for example following the Local Government Finance Settlement.

4.2 Cabinet on 21 February 2008 will consider the overall budget for 2008-09 and service plans for all departments. The service plans will include full budget details including grant announcements, central establishment and other recharges. Further details on the budget timetable are given in appendix 2.

5. FINANCIAL IMPLICATIONS

5.1. The budget for 2008-09 is compiled from the base budget for 2007-08 approved by Council on 1 March 2007, the Medium Term Financial Strategy 2008-2011 agreed by the Cabinet on 6 September 2007, and updated for the issues outlined in this report. The projected budget is shown in appendix 1 attached.

5.2 This report provides explanations of the changes to the Treasury Management budget. The key figures at the date of preparing this report are:

Treasury Management	£
Base Estimate 2007/08	6,203,800
Base Estimate 2008/09	10,216,000
Projected Budget 2009/10	13,528,000
Projected Budget 2010/11	17,140,000

6. STAFFING IMPLICATIONS

6.1. There are none arising from this report.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1. There are none arising from this report.

8. HUMAN RIGHTS IMPLICATIONS

8.1. There are none arising from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. There are none arising from this report.

10. COMMUNITY SAFETY IMPLICATIONS

10.1. There are none arising from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. LOCAL MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising from this report.

13. BACKGROUND PAPERS

13.1. Medium Term Financial Strategy – 2008-2011 6 September 2007
Projected Budget 2008-2011.

14. RECOMMENDATIONS

14.1 That Members note the Treasury Management Projected Budget 2008/2011.

14.2 That this Overview and Scrutiny Committee be informed of any Cabinet decisions that affect the projected budget.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/274/07

TREASURY MANAGEMENT

PROJECTED BUDGET 2008-2011

	2008-09	2009-10	2010-11
	£'000	£'000	£'000
Base Budget	6,204	10,216	13,528
Pay Inflation	168	168	168
Price Inflation	444	444	444
Growth Capital Financing	3,400	2,700	3,000
Projected Budget	10,216	13,528	17,140

**BUDGET
TIMETA
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2008-09**

APPENDIX 2

