

# **BUDGET FOREWORD**

## **1. 2009/10 Budget**

Oadby and Wigston Borough Council's net revenue budget for 2009/10 is £8,423,167. After applying £250,196 from General Fund Balances, the budget requirement is £8,172,971.

In preparing this budget, Members and officers have continued to work together to ensure that existing services are safeguarded and that additional spending pressures are managed within a longer term financial strategy that maintains council tax increases at affordable levels and reserves above a 'minimum' threshold set by the Council. A five-year budget strategy suggests that the Council has the resources to deliver its' priorities and desired outcomes, although some difficult financial decisions will be required to achieve a balanced budget in forthcoming years.

The Council has received a disappointing financial settlement for the period 2008/09 to 2010/11 which has meant that some difficult decisions have needed to be made to arrive at an agreed budget for 2009/10. Apart from statutory and other unavoidable service growth, a freeze has been put on service developments.

Council tax is increased by 3% to cover the cost of existing services plus the following:

- The new national concessionary travel scheme which came into effect in April 2008 is costing an estimated additional £170,000, which is being funded from balances.
- The loss of investment income due to falling interest rates.
- Pay awards and an increased contribution to the pension fund
- To offset the disappointing increase in the financial settlement from Central Government

There are risks to any budget and for 2009/10 this is recognised in two ways:

- The maintenance of healthy balances will help safeguard against the impact of unforeseen expenditure. The projected level of balances as at 31st March 2010 will be £1.2m, against a minimum level of £800,000.
- By maintaining the uncommitted Special Projects and Job Evaluation Reserves (£167,000 and £218,000 respectively). These provide revenue funding for new projects and any additional costs arising out of job evaluation.

Overall, the 2009/10 budget aims to protect existing services, deliver the Council's priorities and desired outcomes, and manage the risks to the Council's finances.

## **2. Local Government Finance Settlement**

2009/10 is the 2nd year of a 3-year financial settlement from the Government. External support for 2009/10 has increased by just 1.7% against 2008/09, from £4,512,784 to £4,590,351. The provisional settlement figure for 2010/11 is £4,649,044, which represents an increase of 1.3% over the 2009/10 settlement. The settlement system includes a 'floor' whereby amounts are withheld from some authorities in order to pay other authorities who have not received the Government's minimum increase in grant. The amount withheld from Oadby and Wigston Borough Council in 2009/10 is £91,000 and the amount withheld since 2003/04 now totals £3m.

## **3. Council Tax Base**

The Council Tax Base for 2009/10 is 17,883.28.

#### 4. Collection Fund Balance

The Collection Fund balance is made up of a surplus or deficit on council tax collection and is shared between the precepting bodies pro rata to their council tax levies. The Collection Fund is estimated to be in surplus at 31 March 2009 – our share of which is £8,050.

#### 5. General Fund Balances

The general fund balance is estimated to be £1.562 million at 31 March 2009. The 2009/10 budget assumes usage of £250,196 leaving a projected balance at 31 March 2010 of £1.206 million.

The Council's minimum general fund balance has been declared as £800,000. The medium term budget strategy demonstrates that reserves can be maintained above the Council's minimum figure by working towards a balanced budget position from 2010/11 onwards. However, any significant variations in budgetary projections will require spending priorities to be reviewed.

#### 6. Budget Requirement and Council Tax

The figures below calculate the council tax necessary to fund the budget requirement.

	£
<b>Net Revenue Budget</b>	<b>8,423,167</b>
<b>Deduct</b>	
Use of General Fund Balance	<u>(250,196)</u>
<b>Budget Requirement</b>	<b>8,172,971</b>
<b>Deduct</b>	
Revenue Support Grant/NNDR/ABG	(4,612,851)
Collection Fund Surplus	<u>(8,050)</u>
<b>Net Council Tax Precept</b>	<b><u>3,552,070</u></b>

**Council Tax = £3,552,070 ÷ 17,883.28 = £198.63**

#### 7. Conclusion

The Council has managed its financial resources well in the past and this budget aims to continue that good practice in 2009/10. The challenge for future years is to continue to find ways of maximising the use of limited resources and maintaining a secure financial position, to enable the delivery of the Council's priorities and desired outcomes.

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