

TITLE	Chief Finance Officer's (CFO) Report
FOR CONSIDERATION BY	The Executive on 26 January 2017
WARD	None specific
STRATEGIC DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Anthony Pollock, Executive Member for Economic Development and Finance

OUTCOME/BENEFITS TO THE COMMUNITY

To ensure sound finances and value for money through setting a safe budget for the community in accordance with the Council's priorities.

RECOMMENDATION

That the Executive note the Chief Finance Officer (CFO) report and the issues contained within, including the local government finance settlement and the sections on key risks, when setting the council tax for 2017/18 and agreeing the Council's medium term financial plan (MTFP).

SUMMARY OF REPORT

The Local Government Act 2003 requires the Chief Financial Officer (Director of Finance and Resources) to report to Members as part of the budget setting process.

A major influence on the budget is the local government finance settlement. 2017/18 is the second year of the current four year settlement which was largely in line with expectations.

- a) Wokingham is again the lowest funded unitary authority in the country.
- b) This is the second year of a four year settlement from 2016/17 to 2019/20.
- c) The funding settlement imposes a triple taxation effect on Wokingham's council tax payers; firstly they have been required to pay the largest contribution to local services as a result of previous poor settlements, then their significant contribution is used as a basis on which to calculate their penalty (grant reduction) and lastly, the local taxation levy is assumed in each of the four years (inflationary council tax increases plus a 2% Adult Social Care precept). Although this punitive approach has been applied to all Local Authorities, it has a significantly disproportional effect on Wokingham's council tax payers who have, through previous poor settlements, been required to make the highest percentage contribution to their local services.
- d) The Council's main grant, revenue support grant (RSG) has reduced from £6.1m in 2016/17 to £0.2m in 2017/18, £0 in 2018/19 and to a negative grant of £7.1m in 2019/20 due to a special increase to the business rates tariff payments which the Council must pay. Revenue support grant for 2017/18 equates to less than £1 per resident per year.
- e) Wokingham again has the lowest settlement funding assessment per head of all unitary authorities in the country, and less than half the funding levels of three

Berkshire authorities.

- f) Wokingham's council tax payers are expected to pay for a higher percentage of the Council's spending power than any other unitary authority, at 81.4% spending power.

The report identifies some of the most significant financial risks faced by the Council. These include the potential increases in clients as a result of the Care Act, forward funding of the Council's investment ambitions (particularly the Strategic Development Locations, SDLs, and Town Centre Regeneration), the business rate retention scheme, plus changes arising from the local government finance settlement in December 2016.

Background

The Local Government Act 2003 requires the Chief Finance Officer (CFO) to report to Members, when setting the level of Council Tax, on the robustness of the budget presented and adequacy of reserves. The report outlines the major financial issues facing the Council.

Analysis of Issues

The Chief Financial Officer's report contains issues, risks and strategic considerations in respect of revenue and capital.

Key issues are considered under the following headings and will be updated for the revised version of this report to be issued after the local government finance settlement has been released:

- a) Revenue resources outlook
- b) Capital resources and borrowing outlook
- c) Key risks: services and financial

Corporate Implications

The report is in respect of both the revenue and capital budgets required to deliver the priorities of the Council over the next three years.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See MTFP	Yes	Revenue and capital
Next Financial Year (Year 2)	See MTFP	Yes	Revenue and capital
Following Financial Year (Year 3)	See MTFP	Yes	Revenue and capital

Other financial information relevant to the Recommendation/Decision

Included in MTFP

Cross-Council Implications

The budget affects all services

List of Background Papers

Medium Term Financial Plan 2016/19.

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