

WIGAN'S BUDGET PROCESS 2007/08

1. COMMENTS ON WIGAN COUNCIL 2007/08 REVENUE BUDGET

- 1.1 The annual budget embodies the political priorities determined by the Council following the completion of the budget challenge process. It expresses in financial terms the plans for service provision in the coming year. The most significant outcome being the declaration of the Council Tax.
- 1.2 Each year the Council reconsiders its objectives, reassess its priorities and re-examines how service delivery is currently achieved. The budget process is always challenging in balancing the needs of the major services against the cost to local taxpayers, whilst operating within Government guidelines and requirements for specific spending programmes. In compliance with recent legislation, and with the increased certainty of Government funding levels, the Council currently uses a 3 year financial planning framework.
- 1.3 For 2007/08 the Council introduced a much more rigorous budget challenge process. Our new planning process indicated scenarios of growth, standstill and reduction, with additional resources identified for Adult Services and environmental improvements. The process included details of performance and costs as part of a challenge process to assist in aligning strategic objectives, performance and resources. Cabinet Members, Directors, the Chief Executive and the Leader met to discuss service performance, service pressures, the scope for savings and the scope for service improvement if additional resources were allocated.
- 1.4 The Council's priorities for improvement are set out in the Corporate Plan and are linked to high level objectives around people, communities and places. There is also a recognition of the need to strengthen our longer term planning linked to Central Government's own planning cycle. Once the outline of the Comprehensive Spending Review is clear then the Council will be looking to prepare departmental budgets on a three year basis.
- 1.5 The Council's Citizens Panel were also asked to indicate their priorities for the 2007/08 budget. The results of this survey and of a similar questionnaire relating to the budget and council tax on the Council's web site identified priorities for improvement. Living in a place where citizens feel safe for instance was a higher priority than affordable housing.
- 1.6 Funding the Council's Capital Programme is an important part of the Revenue Budget strategy. The Medium Term plan contains the revenue consequences of all new programmed major investments that have been approved for inclusion in the Council's capital investment programmes. In addition, the forecast reflects the changing costs of all previous borrowings, provision for debt repayment and fall out of debt where appropriate. This ensures that the revenue forecast and capital investment strategy are linked and reflect the financial consequences of service priorities, as stated in the Corporate Plan.
- 1.7 The Council is now required to make a formal calculation of its borrowing requirements, set ceilings on its external debt and set out its Treasury Management Policies in compliance with a Prudential Borrowing regime under the Local Government Act 2002.

- 1.8 The Comprehensive Performance Assessment requires Councils to make explicit the links between their spending plans, both revenue and capital, and their service delivery plans, which are designed to meet the often competing priorities of both Government and residents. In addition, under the Gershon efficiency review the Council needs to identify in a much more formal structured way, its business efficiencies planned during the budget cycle and to report on how these have been achieved. Whilst there is no compulsion to turn these into reductions in expenditure, the reality is that a number of these form part of service reduction options. Others have been redeployed to support alternative service developments. The Forward Look efficiency return for 2007/08 will be submitted in mid-April 2007 as scheduled.
- 1.9 It remains the responsibility under the Local Government Act 2003 of the S151 Officer, which in this Council is the Director of Finance and IT, to report to the Council. This has been done and in his opinion the Council's budget estimates for 2007/08 are robust and take into account all the strategic, operational and financial risks facing the Council insofar as these can reasonably be anticipated. The adequacy of the level of balances and reserves has been fully considered for 2007/08 and for the two succeeding years as set out in the revenue budget forecast.
- 1.10 The strategic importance of the budget in the financial management of the Council and the assessment of performance has been recognised in the ever more demanding external scrutiny framework within which the Council operates. It is seen as a critical component in the Use of Resources judgement by bodies such as the Audit Commission.

2. FORMULA GRANT

- 2.1 Government funding is distributed via a process known as Formula Spending Share (FSS) that sets out the mechanism, methodology and basis for sharing the resources which Government has made available for local government spending between the various tier and type of Council. Grant settlements for 2008/09 and 2009/10 will be covered by the next Comprehensive Spending Review (CSR07) and will be updated when known. The Chancellor has already set a 3% cashable efficiencies target in the next CSR announced in the pre-budget report.
- 2.2 Formula Grant entitlement is determined by four elements:
- relative needs amount – for each service block a calculation is made of the authority's needs relative to the national total, this is summed across all service blocks and then used to determine our share of the national grant total – Wigan £75.11million
 - relative resources amount – this a measure of what can be raised locally towards the cost of services from council tax and is therefore a negative amount for all authorities – Wigan -£12.75million
 - central allocation – basically a per capita amount of central government support – Wigan £52.82million

- floor damping – an adjustment to limit year on year grant changes by class of authority – Wigan -£2.78million.

An explanation of the Government's approach to grant distribution can be found on the web-site of the Department of Communities and Local Government at

<http://www.local.communities.gov.uk/finance/0708/simpguid.pdf>

The larger part of Education expenditure (specifically within schools but including certain centrally administered functions) is now funded by the Dedicated Schools Grant (DSG).

- 2.3 The Government operates a grant distribution process based on a total which it believes the country can afford, backed up by a capping regime to prevent excessive increases in Council Tax. Individual services are no longer able to identify within the grant or the formulae the amount that is allocated to them and any recognition of increases in service pressures. Effectively, this places the responsibility for prioritising service spending and meeting demand pressures with the Council.
- 2.4 As noted in the previous paragraph the Secretary of State is able to exercise capping powers. Councils were designated for capping on the grounds of unreasonably high increases. The Wigan element of the increase in Council Tax at 3.5% is well below the average of 5% indicated by the Secretary of State as the acceptable level. Therefore, the Council is confident that its proposed Council Tax and budget increases will be acceptable.

3. THE BUDGET STRATEGY & PROCESS

- 3.1 The Council's budget strategy has continually built upon Government priorities, as expressed through the annual Comprehensive Spending Review and RSG Settlement, but also responded to the concerns of residents as expressed in consultation exercises.
- 3.2 The Council has now established a three-year budget planning cycle so that the consequences of budget decisions taken in 2007/08 can be rolled forward and forecasts made of the likely effect upon available resources in future years. The completion of the CSR07 later this year will give more certainty about the Formula Grant entitlement for future years. The intention is then for the Council to develop three year departmental plans.
- 3.3 The Council continues to examine its political and departmental management structure. A Directorate of Environment Services, which has operated in shadow mode in 2006/07, will formally become a new department at the beginning of April 2007. Details of the Constitution and Departmental structures can be found on the Council's website at www.wigan.gov.uk/Services/CouncilDemocracy/constitution
- 3.4 The budget strategy has been developed via the budget challenge process and includes the views of citizens, stakeholders and partnerships. The wider membership has been consulted where necessary with key formal decisions being taken by the Cabinet within the Council's approved Budget Framework.

3.5 The Budget process:

August 2006	<i>Cabinet receive Medium Term Forecast for 2007/08 – 2009/10. Updated for outturn figures, together with the proposed budget principles and timetable. The timetable will also be submitted to Overview and Scrutiny. The forecast continues the strategy established in 2006/07 to ensure a balanced budget with no structural deficit and to ensure a prudent level of balances is maintained during the planning period. Pressure points within the budget are largely centred on Children's and Adults Services due to the increasing numbers and costs of placing children in care together with the additional costs associated with transition.</i>
September	<i>Detailed budget preparation starts using the budget principles approved by Cabinet. Executive Briefing to discuss budget outlook and principles in the Issues Paper draft.</i>
September	<i>Growth, Service Pressures, Savings and scenario submissions to be prepared by Chief Officers and submitted to DFIT. SMT to consider growth proposals and service pressures (including Wigan Leisure & Culture Trust) in context of the Issues Paper.</i>
October	<i>Further discussion of Budget at SMT.</i>
Late November / Early December	<i>Consultation on the Revenue Support Grant Settlement for 2007/08 issued. Reported to Cabinet with updated assessment of budget strategy highlighting risks and uncertainties in light of the grant settlement.</i>
December	<i>Council Tax base calculations completed with a Band D equivalent of 94,661 properties. The assumed rate of collection was maintained at 99%.</i>
December	<i>Cabinet, Overview & Scrutiny consider appropriate rent increase</i>
January 2007	<i>Final RSG settlement. Council determine the rent rise (5%).</i>
February	<i>Cabinet meet with Overview & Scrutiny to agree the final budget and recommend resolutions to the Council. Decisions made about growth, reductions and Council Tax calculations for the coming year. Housing Revenue Account detailed budget considered.</i>
February 28 th	<i>Detailed budgets produced for Wigan M.B.C. services following the decisions of the Cabinet totalling £217.933 million including the PTA levy. Precepts from Police and Fire Joint Boards received. Council Tax for 2007/08 confirmed at £1,276.49 Band D equivalent, a 3.63% increase overall.</i>

4. THE BUDGET FOR 2007/08

4.1 The table below sets out a summary of the major changes to the Council's budget between 2006/07 and 2007/08.

	£m	£m
Original estimate 2006/07		210.1
Inflation		5.6
Changes to Specific Grants		0.4
Changes to base budget		
Salary Increments	1.0	
Superannuation – increase in employers rate	1.0	
Waste Disposal – Landfill tax, recycling, LATS penalties	0.4	
Adults & Children's services growth	1.7	
Joint Service Centre	0.5	
53 rd wages week	-0.3	
Capital Investment – financing costs	1.5	
Removal of internal interest	-0.7	
Landfill Tax Allowance Scheme	-0.4	
Other changes	0.3	5.0
Reductions to base budgets		-3.2
Revenue Budget 2007/08		217.9

4.2 The Council always uses the budget development process to re-prioritise spending within the Council and to seek out efficiencies and some service hold back in order to finance growth and inescapable cost pressures. All Departments were set targets for reductions, whilst bids for growth were subject to critical examination and justification. The Table below summarises how the reductions and growth bids were eventually formulated. The decisions are shown in greater detail later in this section. The reductions and growth emerged from a budget challenge process which considers the Council's strategic perspective and the limited resources available to deliver the Council's Services.

Panel	Reductions £'000	Growth £'000
Community Safety	114	
Environment	574	
Children & Young People's Services	724	531
Regeneration		
Adult Services	1,035	1,194
Performance - Chief Executive	94	
- Finance	127	
- Legal & Property Services	321	
Wigan & Culture Trust	161	80
Total	3,150	1,805

5. THE COLLECTION FUND.

- 5.1 The Collection Fund is used to record receipts of Council Tax (and Housing Benefits), locally collected Business Rates and the payment of precepts to Major Precepting bodies and the net Council Tax requirement to Wigan Council. Revenue Support Grant and the share of National Business rates will be credited directly to the Council's General Fund.
- 5.2 The Council Tax element of the Collection Fund Estimates 2007/08.

	£m
<i>Wigan M.B.C. budget requirement</i>	105.291
<i>Shevington Parish Council</i>	0.066
<i>Haigh Parish Council</i>	0.003
<i>Greater Manchester Fire & Rescue Authority</i>	4.544
<i>Greater Manchester Police Authority</i>	10.999
<i>Total to be met by Council Tax</i>	120.903

6. HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) records the financial transactions of the Council's housing stock.

Rent Restructuring

- 6.1 Over a ten year period existing rents of individual dwellings will be adjusted gradually to bring them into line with their formula rents. These formula rents are based on a combination of relative county manual earnings (adjusted for number of bedrooms) and relative property values.
- 6.2 2007/08 is the sixth year of these revised arrangements and has resulted in average rent increases of 5.0% (£2.72 per week).

Arms Length Management Organisation

- 6.3 The general management of the Council's housing stock (and certain other housing activities) is administered by an Arms Length Organisation (ALMO) known as Wigan & Leigh Housing.
- 6.4 The Council remains responsible for the operation of the Housing Revenue Account and retains ownership of all its assets.

Rent Rebates

- 6.5 The transactions relating to the payment of Housing Benefit for Council Tenants, together with an associated element of Housing Subsidy form part of the General Fund.

7. JOINT AUTHORITIES PRECEPTS

- 7.1 The Police and Fire Authorities issue a precept to each of the Greater Manchester Metropolitan Districts which meets their net expenditure requirements after taking into account their own distribution of Revenue Support Grant and share of Business Rates. Their precept is additional to the Council's net budget requirement.
- 7.2 For 2007/08 the Police Authority is levying a precept which has increased by 4.99% and the Fire Authority by 3.50%.
- 7.3 The Passenger Transport Authority issues a levy on the Districts to meet the whole of its expenditure. This is taken into account in the construction of Formula Grant for each Metropolitan District Council in Greater Manchester and forms part of each District's budget requirement for the calculation of Council Tax. For 2007/08 the Government has revised the way in which Concessionary Fares are funded. Whilst this has led to an increased levy from the PTA, the increased cost for Wigan is effectively offset by additional Formula Grant. The Levy for 2007/08 is £18.278 million.

8. NATIONAL NON-DOMESTIC RATE

- 8.1 Wigan MBC no longer determines the rate in the £ to be charged to commercial, industrial etc. ratepayers. The Government has set a national rate of 44.4p in the £ for 2007/08 (43.3p for 2006/07). For small businesses, the rate in the £ for 2007/08 is 44.1p (42.6p for 2006/07).
- 8.2 The Council is still responsible for the administration of the NNDR system at local level, collecting business rates, dealing with recovery action and write-offs etc. The Government allows a notional amount for the reimbursement of the Council's costs in carrying out this function and for an estimated loss on collection. Any losses in excess of this allowance will be charged against the Council's account and thus the Council Tax payer.
- 8.3 All receipts from the Non-Domestic Rate are paid into a national pool which is then distributed to authorities per head of adult population. Wigan will receive some £96.3 million from the NNDR pool in 2007/08.

9. BALANCES

- 9.1 At 31st March 2006 the Council's General Fund balances stood at £21.3 million. The outturn as reported to Cabinet for the third quarter of the current financial year now anticipates that balances as at 31st March 2007 will stand at £12.0m. The table below identifies those changes to balances. The 2007/08 budget requires a call on balances of £0.3m. The balances are in line with the minimum of 5% recommended by the Director of Finance & IT as a prudent level. The calculation of the prudent level is shown in the detailed 3 year planning forecast which follows.

		£m
Balance 1 st April 2006		21.328
Use of Balances 2006/07	Forecasted from 2005/06	-1.200
	Rolling Programme	-1.546
	Bids Approved from 2005/06	-1.332
Supplementary Estimates	Airport Dividend received less	
	Audit Fees & County Records	1.122
Predicted outturn adverse variation		-0.903
Equal Pay	Potential Cost	-9.400
Interest on Balances	Potential benefit to balances	1.300
LPSA Grant	Flexible funding available	1.900
Insurance Fund	Internal Interest	0.700
Balances 31st March 2007		11.969

10. THE COUNCIL TAX FOR 2007/08

- 10.1 The Council meeting of 28th February 2007 approved a Council Tax figure of £1,276.49 Band D equivalent for 2007/08, an overall increase of 3.63% on 2006/07.

11. BEST VALUE ACCOUNTING CODE OF PRACTICE

- 11.1 The Council's Revenue Budget contains information relating to the mandatory divisions of service as required by the Chartered Institute of Public Finance & Accountancy's (CIPFA) Best Value Accounting Code of Practice. CIPFA have produced a Code of Practice which is designed to support the Best Value legislative framework by promoting consistency of accounting treatment for local authority expenditure and income. The Code of Practice has implications for the way in which the Council's costs are analysed.
- 11.2 The objectives of the Code are to facilitate accurate comparisons between services and Authorities and to strengthen current arrangements for recharging all support services costs to front line services.

12. COUNCIL SERVICE PLANS AND OTHER LINKAGES

- 12.1 The Council publishes a number of plans in accordance with statutory provision and as part of an improving agenda, which makes explicit the link between its financial planning horizons and its service plans.
- 12.2 These plans are available in hard copy and on the Council's web site. Principal among these is the Corporate Plan. This is underpinned by Departmental Service Plans which contain a wealth of detail about service objectives, priorities, performance targets, resources and their deployment.

WIGAN COUNCIL REVENUE BUDGET SUMMARY

	Estimate 2006/07 £	Estimate 2007/08 £
EXPENDITURE		
GENERAL FUND ACCOUNTS		
Adult Services Panel	59,859,514	60,814,664
Children & Young People Panel	55,362,187	51,440,169
Community Protection Panel	12,465,726	8,238,274
Environment Panel	41,699,296	38,498,066
Performance Panel	15,178,258	13,988,062
Regeneration Panel	21,702,261	20,893,968
Passenger Transport Levy	17,554,000	18,278,000
Capital Charges & Notional Asset Reversals	-12,472,909	6,316,453
DSO surpluses	-54,008	-296,040
	211,294,325	218,171,616
Direct Revenue Financing of Capital	0	0
	211,294,325	218,171,616
Use of reserves/other adjustments	-19,277	29,216
NET EXPENDITURE	211,275,048	218,200,832
Adjustment to Balances: Surplus/Deficit(-)	-1,200,000	-267,000
WIGAN NET BUDGET REQUIREMENT	210,075,048	217,933,832
Shevington Parish Council Local Precept	64,000	66,000
Haigh Parish Council Local Precept	2,600	2,700
BUDGET REQUIREMENT	210,141,648	218,002,532
Less: Revenue Support Grant	-17,578,675	-16,151,363
National Non Domestic Rates	-91,064,416	-96,241,819
Surplus on Collection Fund	-368,109	-249,220
Amount to be met by Council Tax	101,130,448	105,360,130
General Fund Balances b/f 1st April	15,755,502	11,969,000
Revenue Deficit(-)/Surplus for Year	-1,200,000	-267,000
Direct Revenue Financing	0	0
General Fund Balances c/f 31st March	14,555,502	11,702,000

WIGAN COUNCIL

COLLECTION FUND AND CALCULATION OF COUNCIL TAX 2007/08

	2007/08 ESTIMATE	2007/08 COUNCIL TAX
	£	£. p
Amount to be met by Council Tax including parish precepts	105,360,130	1113.03
Shevington Parish	66,000	20.02
Haigh Parish	2,700	9.54
Amount to be met by Council Tax excluding parish precepts	105,291,430	1112.30
G.M. FIRE & RESCUE	4,543,728	48.00
G.M. POLICE	10,998,662	116.19
	<u>120,833,820</u>	<u>1,276.49</u>









	Wigan	Fire & Rescue	Police	Total
Band A	741.53	32.00	77.46	850.99
Band B	865.12	37.33	90.37	992.82
Band C	988.71	42.66	103.28	1,134.65
Band D	1,112.30	48.00	116.19	1,276.49
Band E	1,359.47	58.66	142.01	1,560.14
Band F	1,606.65	69.33	167.83	1,843.81
Band G	1,853.83	80.00	193.65	2,127.48
Band H	2,224.60	96.00	232.38	2,552.98

	Shevington	Fire & Rescue	Police	Total
Band A	754.88	32.00	77.46	864.34
Band B	880.69	37.33	90.37	1,008.39
Band C	1,006.50	42.66	103.28	1,152.44
Band D	1,132.32	48.00	116.19	1,296.51
Band E	1,383.94	58.66	142.01	1,584.61
Band F	1,635.57	69.33	167.83	1,872.73
Band G	1,887.20	80.00	193.65	2,160.85
Band H	2,264.64	96.00	232.38	2,593.02

	Haigh	Fire & Rescue	Police	Total
Band A	747.89	32.00	77.46	857.35
Band B	872.54	37.33	90.37	1,000.24
Band C	997.19	42.66	103.28	1,143.13
Band D	1,121.84	48.00	116.19	1,286.03
Band E	1,371.13	58.66	142.01	1,571.80
Band F	1,620.43	69.33	167.83	1,857.59
Band G	1,869.73	80.00	193.65	2,143.38
Band H	2,243.68	96.00	232.38	2,572.06

COUNCIL TAX 2007/08

The table below shows the amount of Council Tax payable at each of the statutory valuation bands into which properties have been placed by the District Valuer, together with the number of properties in each Band. In calculating its tax base, the Council amends these property numbers for expected new builds, demolitions, single person discounts, properties adapted for the disabled and estimated losses on collection (1%). Valuations were made in 1991. The Government has recently deferred a revaluation of property for Council Tax purposes.

	BAND	VALUATION	COUNCIL TAX	NO. OF PROPERTIES
	BAND A	not exceeding £40,000	850.99	63,877
	BAND B	£40,000 to £51,999	992.82	28,987
	BAND C	£52,000 to £67,999	1,134.65	21,624
	BAND D	£68,000 to £87,999	1,276.49	10,825
	BAND E	£88,000 to £119,999	1,560.14	5,205
	BAND F	£120,000 to £159,999	1,843.81	1,667
	BAND G	£160,000 to £319,999	2,127.48	562
	BAND H	exceeding £320,000	2,552.98	21

REVENUE BUDGET FORECAST 2007/08 TO 2009/10 :

BASE BUDGET

	ESTIMATE 2007/08 £'000	ESTIMATE 2008/09 £'000	ESTIMATE 2009/10 £'000
Previous year's budget requirement	210,075	217,933	224,304
Add back: Use of balances in previous year	0	267	0
Underlying previous year's net budget requirement	<u>210,075</u>	<u>218,200</u>	<u>224,304</u>

INFLATIONARY UPLIFT

Pay	2,671	3,348	3,432
Prices	8,446	8,507	9,096
Income	-5,483	-5,698	-5,922
	<u>5,634</u>	<u>6,157</u>	<u>6,606</u>

GRANT CHANGES

Fall out of Social Services Preserved Rights Grant	68	41	
Fall out of Vulnerable Children Grant	244		
Fall out of Access Systems Capacity Grant	98		
Standards Fund - match funding now met by grant	28		
New Grant - Children's Services	-205		
New Grant - Carers Grants	-20	20	
New Grant - Mental Health	-45		
New Grant - Preventative Technology	-131		
	<u>37</u>	<u>61</u>	<u>0</u>

GROWTH ATTRIBUTED TO CAPITAL INVESTMENT

Net additional capital financing charges	2,139	-227	177
Leigh Sports Village	-650		
Other growth associated with capital investment			
Direct Revenue Financing (shortfall in capital resources)	<u>1,489</u>	<u>-227</u>	<u>1,624</u>
			<u>1,801</u>

	ESTIMATE 2007/08 £'000	ESTIMATE 2008/09 £'000	ESTIMATE 2009/10 £'000
OTHER GROWTH			
Salary Increments	983	1,008	1,033
Increase in rate of employers superannuation - LGPS	982	1,007	1,032
Waste Disposal - additional landfill tax	448	455	462
Waste Disposal - landfill Tax volume reduction	-63	-70	-78
DEFRA grant for waste	-15	323	
Environmental Improvements			
Waste Management Strategy (to be resolved)			
53rd week for wages Adult Services - end of practice	-307		
Annualisation of Wage Budget - Adult Services	45		
New Children's Services Grant - related spend	205		
New Carers Grants - related spend	20	-20	
New Mental Health - related spend	45		
New Preventative Technology - related spend	131		
Municipal Elections (none in 2009)			-150
Civil Contingencies Act - additional resources	61		
Contribution to Direct Access Hostel		50	
Bed & Breakfast - Leasing Scheme pump priming		-50	
Homelessness increased contribution to HRA	50	50	
Hanley House - end of reduced rent period	34		
LIFT projects Ince & Frog Lane		350	
Car Parking income - reduced base budget	190		
Contribution to County Records Office	20		
Coroner - increased contribution	48		
Grand Arcade - rental payment	-125		
PTA Levy	22	67	
Members Allowances - revised scheme	246		
Members Allowances - superannuation	74		

	ESTIMATE 2007/08 £'000	ESTIMATE 2008/09 £'000	ESTIMATE 2009/10 £'000
AGMA Contributions towards initiatives	101		
External Audit Relationship Management Fees	27		
LATS Allowances removal	-400		
Additional Planning Fee Income	-38		
Commuted sums - Leisure Trust & Planning	48		
Joint Service Centre	500	-300	-200
	<u>3,332</u>	<u>2,870</u>	<u>2,099</u>
Proposed New Growth	1,805		
Provision for growth in future years		500	500
	<u>1,805</u>	<u>500</u>	<u>500</u>
	<u>5,137</u>	<u>3,370</u>	<u>2,599</u>
VARIATIONS TO BUDGETS			
Other items of variation			
NRF - fall out of 06/07 repayment of overspend	123		
Fall out of deferred purchase	-5	-5	-5
Fall out of debt : Interest savings	-440	-399	-389
Fall out of debt with non accrued interest		228	
	<u>-322</u>	<u>-176</u>	<u>-394</u>
TRANSFERS TO / FROM BALANCES AND RESERVES			
Balances to support Direct Revenue Funding of Capital	0	0	-1,624
Balances to support carried forward spend			
Remove interest from Insurance Fund - FRS12	-700		
Accrued Interest provision			
Balances to support revenue	-267		
	<u>-967</u>	<u>0</u>	<u>-1,624</u>
Savings per Cabinet 8 th February			
	<u>-3,150</u>	<u>-3,081</u>	<u>-2,418</u>
BUDGET REQUIREMENT consistent with 3.5% increase	217,933	224,304	230,873

	ESTIMATE 2007/08 £'000		ESTIMATE 2008/09 £'000		ESTIMATE 2009/10 £'000	
YEAR ON YEAR INCREASE IN BUDGET REQUIREMENT						
% increase		7,858	6,371	6,569		2.9%
GRANT INCOME		3.7%	2.9%	2.9%		
Previous year's base for RSG and NNDR		108,643	112,393	115,203		
Add :-						
Miscellaneous changes		-324				
Revised base funding		108,319	112,393	115,203		
Add :-						
Uplift		4,074	2,810	2,880		
Total revised RSG and NNDR		112,393	115,203	118,083		
COLLECTION FUND SURPLUS		-249	-125	0		
COUNCIL TAX REQUIREMENT						
Year on year increase		105,291	108,976	112,791		
% increase		4,227	3,685	3,814		
Estimated tax base		3.50%	3.50%	3.50%		
Council Tax		94,661	94,661	94,661		
Ready reckoner		£1,112.30	£1,151.23	£1,191.52		
1% Council Tax rise - raises		1,017,310	1,052,912	1,089,764		
£1 million on the budget - gives a percentage rise of		1.1%	1.1%	1.1%		
£1 million on the budget - amount per Band D		10.56	10.56	10.56		

Revenue Balances position	ESTIMATE 2007/08		ESTIMATE 2008/09		ESTIMATE 2009/10	
	£'000	£'000	£'000	£'000	£'000	£'000
Anticipated starting point		11,969		11,702		11,702
Less c'fwd bids - as above						
Proposed usage (capital programme)		0		0		-1,624
Use for revenue		-267		0		0
Position at end of year		<u>11,702</u>		<u>11,702</u>		<u>10,078</u>
Bellwin threshold (emergency support)		436		449		462
Balances above Bellwin threshold		11,266 (A)		11,253		9,616
Expenditure (Budget requirement before use of balances)		218,900		224,304		232,497
Less :-						
PTA Levy		18,256		18,986		19,746
Leisure Trust Funding		16,607		17,022		17,448
Underlying operating costs		184,037 (B)		188,295		195,304
Balances as a % of underlying operating costs		6.12% (A) / (B)		5.98%		4.92%
Minimum balances		9,202		9,415		9,765
Above (-) or below (+) minimum		-2,064		-1,838		149

Accounting Requirement for Current Cost of Pensions

The Council is required under the Financial Reporting Standard 17 (FRS17) to account for the current cost of pensions and the pension liability in its budget figures. The statement below shows the required pension figures that will need to be included in Government returns which are required to be completed on an FRS17 basis. There is no impact on the Council Tax or Council balances.

WIGAN COUNCIL REVENUE BUDGET SUMMARY - Post FRS17

	Pre FRS17 Estimate 2007/08 £	FRS17 Pensions Entries 2007/08 £	Post FRS17 Allocation 2007/08 £
EXPENDITURE			
GENERAL FUND ACCOUNTS			
Adult Services Panel	60,814,664	942,913	61,757,577
Children & Young People Panel	51,440,169	-1,973,195	49,466,974
Community Protection Panel	8,238,274	176,091	8,414,365
Environment Panel	38,498,066	269,868	38,767,934
Performance Panel	13,988,062	-1,201,136	12,786,926
Regeneration Panel	20,893,968	46,890	20,940,858
Passenger Transport Levy	18,278,000		18,278,000
Capital Charges & Asset reversals	6,316,453		6,316,453
DSO Surpluses	-296,040	532,396	236,356
	218,171,616	-1,206,173	216,965,443
Direct Revenue Financing of Capital			
Pension neutralise impact on Council Tax		1,206,173	1,206,173
	218,171,616	0	218,171,616
Use of reserves/other adjustments	29,216		29,216
NET EXPENDITURE	218,200,832	0	218,200,832
Adjustment to Balances: Surplus/Deficit(-)	-267,000		-267,000
WIGAN NET BUDGET REQUIREMENT	217,933,832	0	217,933,832
Shevington Parish Council Local Precept	66,000		66,000
Haigh Parish Council Local Precept	2,700		2,700
BUDGET REQUIREMENT	218,002,532	0	218,002,532
Less: Revenue Support Grant	-16,151,363		-16,151,363
National Non Domestic Rates	-96,241,819		-96,241,819
Surplus on Collection Fund	-249,220		-249,220
Amount to be met by Council Tax	105,360,130	0	105,360,130
General Fund Balances b/f 1 st April	11,969,000		11,969,000
Revenue Deficit(-)/Surplus for Year	-267,000		-267,000
Direct Revenue Financing	0		0
General Fund Balances c/f 31 st March	11,702,000	0	11,702,000

Due to the volatile nature of the FRS17 figures the above information has been sourced from the latest actuarial report, which was received in April 2006. The major variations shown under Children's and Performance Panel are due to the reclassification of unfunded pensions under FRS17 requirements.

Risks and Service pressures not reflected in the forecast

These forecasts are a snapshot of the expected budget position over the next three years. They will, by their nature, change and will need to be updated on a regular basis. There are certain changes that will occur but at present it has not been possible to quantify them. The list below indicates the current areas of uncertainty:

- The budget monitoring reports for 2006/07 have already identified a number of budget pressures particularly, in Adult Services, and very much related to the areas outlined in the risk assessment made as part of the 2006/07 budget outlined above. Mitigating action is referred to and some pressure will be contained by brought forward savings from 2005/06. Nevertheless, there must be a presumption that we are dealing with structural budget pressures in these service delivery areas, which need a longer term strategy to funding. The budget forecast continues to assume a neutral position on these pressures at this stage until the action plans have developed and given a clear indication of the real additional budget investment required net of any alternative service delivery efficiencies.
- It is assumed that Manchester Airport will not declare a dividend payment during the currency of this forecast (2007-2010). Whilst this may seem at odds with experience and the Airport's own projections and ambitions, there are sound prudent reasons underpinned by accounting codes of practice which advise against taking into account dividends which have not been realised. Given the size of airport dividends (approx worth 1.25% in Council Tax) and the economic uncertainty associated with the air industry, my recommendation is that previous practice of not anticipating these dividends in our financial plans continues.
- Insurance claims – a recent actuarial review of the fund has indicated sufficient resources are available to meet known claims. The opportunity has therefore been taken, in line with the requirements of Financial Reporting Standards (FRS12), to remove the internal interest calculation on the Insurance Fund balance.
- Superannuation – as already explained, the increase in employers' contributions previously agreed in the 2005/06 budget has been reflected to 2007/08 per the triennial review. This may require revisiting in the light of proposed legislative changes to the LGPS. For 2008/09 and 2009/10 an indicative 1% annual increase has been built in (equating to an 8% year on year cost increase).
- Schools Minimum Funding Guarantee/Direct Schools Grant (DSG). Following the 2006/07 budget approach the forecast now works on the premise that schools and associated central education functions, which were previously caught by the pass-porting arrangements (the minimum guarantee), will be totally funded by the Direct Schools Grant. At this stage it is assumed that the Council will not look to supplement the Grant at the expense of other main stream services.

- Demographic change – estimates of the impact of falling schools rolls will be factored into the separate construction of the schools budget to be met by DSG. An examination of the forecast trend in the elderly population indicates an increasing number of individuals in the 85+ category who may become dependent upon our Services and those of the PCT. This issue will be considered by the Leader in putting forward options for the balance between savings and growth. Of particular concern is the growing numbers of elderly with dementia.

WIGAN

Office of National Statistics Forecast

Age Group	2006	2007	2008	2009
65+	26,600	27,200	28,300	29,300
75 - 84	14,800	14,800	15,100	15,200
85+	4,800	4,900	5,000	5,000
Totals	46,200	46,900	48,400	49,500

Of specific significance is the fall out of substantial funding streams from Neighbourhood Renewal Fund and Single Regeneration Budgets. Work is proceeding to identify the phasing of these, and the consequent possible impacts of terminating the programmes which they support in the various communities and localities, for a report to the Strategic Management Team in the first instance.

Summary Analysis of Financial Planning Spending Review 2007/08

Service	Service Area	Lower Cash Limit £000's	Upper Cash Limit £000's	Savings £000's	Growth £000's
Children and Young Peoples Services					
	Youth Service				
	Access to Education			-	-
	- Outdoor Education			8	-
	- Drumcroon / Arts / Media			12	
	- Clothing Grants for hardship cases only			200	
	Looked After Children Services (Excl After Care)			-	320
	- Provision for increase in Foster Care Allowances				211
	Strategic Management				-
	- School contribution to redundancies			75	
	- Vacancies			179	
	- Flexible use of grants			100	
	- Strategic Management			150	
	Sub Total CYPs	721	120	724	531

Adult Services

Home Care Market testing	500
Commissioning and Contracting	100
Transport - Joint contract	30
Transport - Mobility Allowance	50
Direct payments	40
Nurse on call (net impact)	25
Other HR initiatives	90
Fees and Charges	200
Allocated growth	1,194
Sub Total Adults	1,035

867 **594** **1,035** **1,194**

Service	Service Area	Lower Cash Limit £000's	Upper Cash Limit £000's	Savings £000's	Growth £000's
Environment	Engineering	688	195		0
	- Green Waste - further roll out			56	
	- Highways DLO / LBS restructure			114	
	- Transport DSO restructure			107	
	- Civic Amenity Waste			128	
	- Highways Maintenance			60	
	- Managed vacancies			13	
	- Efficiency savings				
	Community Protection				
	- Half post funded from Drugs budget			14	
	- Remove contribution to Care and Repair			5	
	- Staff savings from Environmental Review			70	
	- Security Services Tender			25	
	- Post to work on ASBOs				0
	Planning & Regeneration				0
	- Project officer for major projects				
	- Reduction in non-active space budget			10	
- Equipment, furniture, admin costs			50		
- Staff savings from Environmental Review			36		
		688	195	688	0
Wigan Leisure & Culture Trust	- Cleaner Greener initiative				80
	- Peoples Network Computers				0
	- Cemeteries income			50	
	- Revised provision at Hindley Leisure Centre			71	
	- Relocation of Tourist Information Centre			10	
	- Green Composting			30	
			267	125	161

Service	Service Area	Lower Cash Limit £000's	Upper Cash Limit £000's	Savings £000's	Growth £000's
Chief Executives					
	- Borough Life				0
	- Print and Registrars income			15	
	- Policy Team			10	
	- Managed vacancies			35	
	- Efficiency savings			34	
		116	19	94	0
Finance & IT					
	- Whole of Government Accounts initiative				0
	- Reduced transaction costs			20	
	- Telephone rentals			40	
	- Software licenses			10	
	- Managed vacancies			40	
	- Printing and Stationery			17	
		127	21	127	0
Legal & Property Services					
	- Delete provision for expenditure linked to Grand Arcade development			200	
	- Increase car park charges for PCT and Acute Trust			42	
	- Review location of parking concessions			75	
	- Asset management staffing				0
	- Charge for Sunday parking			4	
		214	36	321	0
Total Spending Review		3,000	1,110	3,150	1,805