

WIGAN'S BUDGET PROCESS 2008/09

1. COMMENTS ON WIGAN COUNCIL 2008/09 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 The budget challenge process during 2008/09 has taken account of both external factors such as the Gershon Agenda as well as the proposed responses to the budget pressures of the Council's departments and partners. The process indicated scenarios of growth, standstill and reduction with additional savings identified for reinvestment in the Support Services Review. Additional service pressures were also reviewed. The aim is to achieve a balanced budget over the next 3 years and a Council Tax of 2%. To achieve this in light of service pressures we need to continue to transform our services in the knowledge of the challenges we face in the coming years.
- 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.
- 1.5 The Council's Citizens Panel were also asked to indicate their priorities for the 2008/09 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 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.

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- 1.8 The Comprehensive Performance Assessment required Councils to make explicit the links between their spending plans, both revenue and capital, and their service delivery plans, which were designed to meet the often competing priorities of both Government and residents. The CPA process is to be replaced by the proposed Comprehensive Area Assessment (CAA) from 2009 and will be operated by the Audit Commission. The CAA 'will put the experience of citizens, people who use services and local taxpayers at the centre of the new local assessment framework, with a particular emphasis on the needs of those whose circumstances make them vulnerable. Reducing inequalities and discriminatory outcomes for all members of the community will be central to CAA.' (Audit Commission, 2007). 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.
- 1.9 It remains the responsibility under the Local Government Act 2003 of the S151 Officer to report to the Council. This has been done and in his opinion the Council's budget estimates for 2008/09 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 2008/09 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 the Government has made available for Local Government spending between the various tier and type of Council. Grant settlements for 2009/10 and 2010/11 remain provisional but do provide the Council with a firmer base to plan for future years.

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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 £92.4million
- 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 -£17.0million
- central allocation – basically a per capita amount of central government support – Wigan £57.1million
- floor damping – an adjustment to limit year on year grant changes by class of authority – Wigan -£8.0million.

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/0809/grant.htm>

The larger part of Children and Young Peoples Services 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 2% 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.

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- 3.2 The Council has now established a three-year budget planning cycle so that the consequences of budget decisions taken in 2008/09 can be rolled forward and forecasts made of the likely effect upon available resources in future years. The completion of the CSR07 will give more certainty about the Formula Grant entitlement for future years. For 2008/09, 2009/10 and 2010/11 the figures are as announced by the Minister of State for Local Government. The settlements for 2009/10 and 2010/11 remain provisional. This three year announcement forms part of a government strategy to help all Councils make firmer financial plans for the next three years.

The increase in Formula Grant on a like for like basis for 2008/09 has been calculated to be 5.3% which is a much higher increase than the national average as a direct result of the successful Wigan/SIGOMA arguments to end the unfair double damping system. The outcome being a grant settlement that was much better than our original forecast. However the Government has retained some damping arrangements to ensure all groups of Authorities will receive a minimum grant increase. The data for Wigan indicates this mechanism has cost Wigan Council £8 million in 2008/09.

- 3.3 The Council continues to examine its political and departmental management structure. A comprehensive review of Back Office Services and a new Business Support Service directorate has been formally created from the 1 April 2008. The review is still ongoing as part of the commitment to business transformation.
- 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:

23rd August 2007 Cabinet receive Medium Term Forecast for 2008/09 – 2010/11. 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.

September 2007 Detailed budget preparation starts using the budget principles approved by Cabinet. Executive Briefing to discuss budget outlook and principles in the draft Issues Paper.

September 2007 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.

October 2007 Further discussion of Budget at SMT.

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<i>Late November / Early December 2007</i>	<i>Consultation on the Revenue Support Grant Settlement for 2008/09 issued. Reported to Cabinet with updated assessment of budget strategy highlighting risks and uncertainties in light of the grant settlement.</i>
<i>December 2007</i>	<i>Council Tax base calculations completed with a Band D equivalent of 95,753 properties. The assumed rate of collection was maintained at 99%.</i>
<i>December 2007</i>	<i>Cabinet, Overview & Scrutiny consider appropriate rent increase.</i>
<i>January 2008</i>	<i>Final RSG settlement. Council determine the rent rise (4.8%).</i>
<i>February 2008</i>	<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>
<i>5th March 2008</i>	<i>Detailed budgets produced for Wigan Council services following the decisions of the Cabinet & Special Budget Council totalling £233.249 million including the PTA levy. Precepts from Police and Fire Joint Boards received. Council Tax for 2008/09 confirmed at £1,309.12 Band D equivalent, a 2.56% increase overall.</i>

4. THE BUDGET FOR 2008/09

4.1 The table below sets out a summary of the major changes to the Council's budget between 2007/08 and 2008/09.

	£m
Original estimate 2007/08	217.9
<i>Inflation</i>	6.7
<i>Grant Changes – switch to Formula Grant</i>	6.7
<i>Use of Balances in previous year</i>	0.3
<i>Capital Charges</i>	-1.2
<i>Salary Increments</i>	1.0
<i>Other Committed Growth 08/09</i>	1.2
<i>Future Year's Growth</i>	4.6
<i>Efficiency Savings</i>	-3.0
<i>Other Net Variations</i>	-1.0
Revenue Budget 2008/09	<u>233.2</u>

4.2 The Council always uses the budget development process to re-prioritise spending within the Council and to seek out efficiencies 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

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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.

<i>Panel</i>	<i>Reductions £'000</i>	<i>Growth £'000</i>
<i>Children & Young Peoples Services</i>	-295	300
<i>Adult Services</i>	-235	975
<i>Environment</i>	-788	1,358
<i>Regeneration – Wigan Leisure & Culture Trust</i>	-133	62
<i>Audit Governance & Improvement Review:</i>		
<i>- Chief Executive</i>	-53	100
<i>- Finance & IT</i>	-246	400
<i>- Legal & Property Services</i>	0	460
<i>Support Services Review</i>	-1,316	1,000
<i>Total</i>	-3,066	4,655

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 2008/09.

	<i>£m</i>
<i>Wigan Council budget requirement</i>	108.636
<i>Shevington Parish Council</i>	0.072
<i>Haigh Parish Council</i>	0.003
<i>Greater Manchester Fire & Rescue Authority</i>	4.757
<i>Greater Manchester Police Authority</i>	11.960
<i>Total to be met by Council Tax</i>	125.428

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 2008/09 is the seventh year of these revised arrangements and would have required an average rent increase of 5.87% (£3.35 per week). However this level of increase was not felt to be affordable for council tenants and so balancing the loss of subsidy resource, it was determined to increase rents by an average of 4.80% (£2.74).

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 2008/09 the Police Authority is levying a precept which has increased by 7.50% and the Fire Authority by 3.50%.

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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 2008/09 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 2008/09 is £18.895 million.

8. NATIONAL NON-DOMESTIC RATE

- 8.1 Wigan Council no longer determines the rate in the £ to be charged to commercial, industrial etc. ratepayers. The Government has set a national rate of 46.2p in the £ for 2008/09 (44.4p for 2007/08). For small businesses, the rate in the £ for 2008/09 is 45.8p (44.1p for 2007/08).
- 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 £109.3 million from the NNDR pool in 2008/09.

9. BALANCES

9.1 At 31st March 2007 the Council's General Fund balances stood at £21.489 million. The outturn as reported to Cabinet for the third quarter of the current financial year now anticipates that balances as at 31st March 2008 will stand at £22.371m. The table below identifies those changes to balances. 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 2007	21.489
Use of Balances in 2007/08	-0.267
Estimate	
Commitments	
Rolling Programmes	-2.206
Terrier Computerisation	-0.081
C/fwd Bids Approved	-1.626
Predicted Outturn Position for 2007/08	5.062
Predicted Balances 31st March 2008	22.371

10. THE COUNCIL TAX FOR 2008/09

- 10.1 The Council meeting of 5th March 2008 approved a Council Tax figure of £1,309.12 Band D equivalent for 2008/09, an overall increase of 2.56% on 2007/08.

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.
- 12.3 The following pages contain an overall summary of the Council's budget along with the statutory Council Tax calculations, a three year budget forecast and details of the growth and reductions from the budget challenge process.

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WIGAN COUNCIL REVENUE BUDGET SUMMARY

	Estimate 2007/08 £	Estimate 2008/09 £
EXPENDITURE		
GENERAL FUND ACCOUNTS		
Adult Services Panel	60,814,664	67,670,611
Children & Young People Panel	51,440,169	54,035,545
Community Protection Panel	8,238,274	7,159,837
Environment Panel	38,498,066	40,547,213
Audit Governance & Improvement Panel	13,988,062	16,760,046
Regeneration Panel	20,893,968	20,945,412
Passenger Transport Levy	18,278,000	18,895,000
Capital Charges	6,316,453	7,444,454
DSO surpluses	-296,040	-237,779
	218,171,616	233,220,339
Direct Revenue Financing of Capital	0	1,247,000
	218,171,616	234,467,339
Use of reserves/other adjustments	29,216	29,216
	218,200,832	234,496,555
NET EXPENDITURE		
Adjustment to Balances : Surplus / Deficit (-)	-267,000	-1,247,000
	217,933,832	233,249,555
WIGAN NET BUDGET REQUIREMENT		
Shevington Parish Precept	66,000	72,000
Haigh Parish Precept	2,700	3,600
	218,002,532	233,325,155
BUDGET REQUIREMENT		
Less: Revenue Support Grant	-16,151,363	-15,212,210
National Non Domestic Rates	-96,241,819	-109,276,737
Surplus on Collection Fund	-249,220	-125,000
	105,360,130	108,711,208
Amount to be met by Council Tax		
General Fund Balances b/f 1st April	11,969,000	22,371,000
Revenue Deficit (-) / Surplus for Year	-267,000	0
Capital Programme Deficit	0	-1,247,000
Less anticipated Carry Forward bids	0	-2,500,000
	11,702,000	18,624,000
General Fund Balances c/f 31st March		

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COLLECTION FUND AND CALCULATION OF COUNCIL TAX 2008/09

	2008/09 ESTIMATE	2008/09 COUNCIL TAX
	£	£. P
Amount to be met by Council Tax including parish precepts	108,711,208	1,135.33
Shevington Parish	72,000	21.81
Haigh Parish	3,600	12.50
Amount to be met by Council Tax excluding parish precepts	108,635,608	1,134.54
G.M. FIRE & RESCUE	4,757,009	49.68
G.M. POLICE	11,959,550	124.90
	125,352,167	1,309.12

	Wigan	Fire & Rescue	Police	Total
Band A	756.36	33.12	83.27	872.75
Band B	882.42	38.64	97.14	1,018.20
Band C	1,008.48	44.16	111.02	1,163.66
Band D	1,134.54	49.68	124.90	1,309.12
Band E	1,386.66	60.72	152.66	1,600.04
Band F	1,638.78	71.76	180.41	1,890.95
Band G	1,890.90	82.80	208.17	2,181.87
Band H	2,269.08	99.36	249.80	2,618.24

	Shevington	Fire & Rescue	Police	Total
Band A	770.90	33.12	83.27	887.29
Band B	899.38	38.64	97.14	1,035.16
Band C	1,027.86	44.16	111.02	1,183.04
Band D	1,156.35	49.68	124.90	1,330.93
Band E	1,413.31	60.72	152.66	1,626.69
Band F	1,670.28	71.76	180.41	1,922.45
Band G	1,927.25	82.80	208.17	2,218.22
Band H	2,312.70	99.36	249.80	2,661.86

	Haigh	Fire & Rescue	Police	Total
Band A	764.69	33.12	83.27	881.08
Band B	892.14	38.64	97.14	1,027.92
Band C	1,019.59	44.16	111.02	1,174.77
Band D	1,147.04	49.68	124.90	1,321.62
Band E	1,401.93	60.72	152.66	1,615.31
Band F	1,656.83	71.76	180.41	1,909.00
Band G	1,911.73	82.80	208.17	2,202.70
Band H	2,294.08	99.36	249.80	2,643.24

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COUNCIL TAX 2008/09

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	872.75	66,234
BAND B	£40,001 to £52,000	1,018.20	30,144
BAND C	£52,001 to £68,000	1,163.66	22,362
BAND D	£68,001 to £88,000	1,309.12	11,188
BAND E	£88,001 to £120,000	1,600.04	5,421
BAND F	£120,001 to £160,000	1,890.95	1,716
BAND G	£160,001 to £320,000	2,181.87	550
BAND H	exceeding £320,000	2,618.24	52

Wigan Council : Medium Term Financial Plan 2008/09 to 2010/11

	ESTIMATE 2008/09 £'000	ESTIMATE 2009/10 £'000	ESTIMATE 2010/11 £'000
BASE BUDGET			
Previous year's budget requirement (adjusted)	217,934	233,250	239,927
Add back :-			
Use of balances in previous year	267		128
Underlying previous year's net budget requirement	218,201	233,250	240,055
INFLATIONARY UPLIFT			
Overall	2,766	2,832	2,903
Overall	580		
Overall	9,232	9,614	9,961
Overall	<u>-5,839</u>	<u>-6,070</u>	<u>-6,312</u>
	6,739	6,376	6,553
GRANT CHANGES			
Adults	50	50	50
Adults	795		
Adults	322		
Adults	3538		
Adults	642		

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	ESTIMATE 2008/09		ESTIMATE 2009/10		ESTIMATE 2010/11	
	£'000	£'000	£'000	£'000	£'000	£'000
CYPS	1054					
CYPS						
Environment CYPS	323	6,724		50		50
GROWTH/ SAVINGS ATTRIBUTED TO CAPITAL INVESTMENT						
Overall	-1,200		-1,000		-900	
OTHER GROWTH AND SAVINGS						
Overall	992		972		991	
Overall	918		846		694	
Adult Services	-288					
Adult Services	-795					
Adult Services	-322					
Adult Services	205					
Adult Services	234					
AGMA	63					
Community Protection						
Community Protection	50					
Community Protection			50			50

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	ESTIMATE 2008/09		ESTIMATE 2009/10		ESTIMATE 2010/11	
	£'000	£'000	£'000	£'000	£'000	£'000
VARIATIONS TO BUDGETS		5,930	3,772	3,234		
Environment						
Waste Disposal - landfill Tax volume reduction	-73		-111	-150		
Fall out of deferred purchase	-5		-5	-5		
Direct Revenue Funding of Capital Programme deficit	1247		786	2,200		
Fall out of debt with non accrued interest	228					
		1,397	670	2,045		
TRANSFERS TO / FROM BALANCES AND RESERVES						
Balances to support Direct Revenue Funding of Capital	-1247		-786	-2200		
Accrued Interest provision	-228		-128	-706		
Balances to support revenue		-1,475	-914	-2,906		
		-3,066	-2,277	-1,981		
Efficiency Savings						
		233,250	239,927	246,150		
BUDGET REQUIREMENT						

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	ESTIMATE 2008/09 £'000	ESTIMATE 2009/10 £'000	ESTIMATE 2010/11 £'000
YEAR ON YEAR INCREASE IN BUDGET REQUIREMENT			
% increase	15,316	6,677	6,223
	7.0%	2.9%	2.6%
GRANT INCOME			
Previous year's base for RSG and NDR	112,393	124,489	129,031
Add :-	5,791	-83	-32
Adjustments to the base	118,184	124,406	128,999
Revised base funding			
Add :-	6,305	4,625	4,082
Uplift			
Total revised RSG and NDR	124,489	129,031	133,081
	-125	-90	-45
COLLECTION FUND SURPLUS			
COUNCIL TAX REQUIREMENT	108,636	110,806	113,024
Year on year increase	3,344	2,170	2,217
% increase	2.00%	2.00%	2.00%
Estimated tax base	95,753	95,753	95,753
Council Tax	£1,134.54	£1,157.21	£1,180.37
Ready reckoner			
1% council tax rise - raises	1,065,068	1,086,363	1,108,063
£1 million on the budget - gives a percentage rise of	1.03	1.03	1.03
£1 million on the budget - amount per Band D	£10.44	£10.44	£10.44

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	ESTIMATE 2008/09 £'000	ESTIMATE 2009/10 £'000	ESTIMATE 2010/11 £'000
Revenue Balances position	2008/09 £'000	2009/10 £'000	2010/11 £'000
Anticipated starting point	22,371	18,624	16,710
Less anticipated c'fwd bids	-2,500		-2,200
Proposed usage (capital programme)	-1,247	-786	-706
Use for revenue		-1,000	-1,500
Provision for LATS penalties			
Position at end of year	<u>18,624</u>	<u>16,710</u>	<u>12,304</u>

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	ESTIMATE 2008/09		ESTIMATE 2009/10		ESTIMATE 2010/11	
	£'000	£'000	£'000	£'000	£'000	£'000
Minimum Balances						
Bellwin threshold (emergency support)		466		480		492
Balances above Bellwin threshold	(A)	18,158		16,230		11,812
Expenditure (Budget requirement less addition to balances)		234,725		240,841		249,056
Less :-						
PTA Levy		18,895		19,651		20,437
Leisure Trust Funding		16,902		17,358		17,827
Underlying operating costs	(B)	198,928		203,832		210,792
Balances as a % of underlying operating costs	(A) / (B)	9.13%		7.96%		5.60%
Minimum balances		9,946		10,192		10,540
Above (-) or below (+) minimum		-8,212		-6,038		-1,272

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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 it's 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. Due to the volatile nature of the FRS17 figures this information has been sourced from the latest actuarial report, which was received in April 2007.

WIGAN COUNCIL REVENUE BUDGET SUMMARY - POST FRS17

EXPENDITURE	ESTIMATE 2008/09 £	FRS17 ALLOCATION 2008/09 £	POST FRS17 2008/09 £
GENERAL FUND ACCOUNTS			
Adult Services Panel	67,670,611	881,304	68,551,915
Children & Young People Panel	54,035,545	-1,766,531	52,269,014
Community Protection Panel	7,159,837	165,538	7,325,375
Environment Panel	40,547,213	338,228	40,885,441
Audit Governance & Improvement Panel	16,760,046	-1,197,487	15,562,559
Regeneration Panel	20,945,412	52,136	20,997,548
Passenger Transport Levy	18,895,000	0	18,895,000
Capital Charges	7,444,454	0	7,444,454
DSO Surpluses	-237,779	464,465	226,686
	233,220,339	-1,062,347	232,157,992
FRS17 Pension Reversal	0	1,062,347	1,062,347
Direct Revenue Financing of Capital	1,247,000	0	1,247,000
Use of Reserves/Other Adjustments	29,216	0	29,216
NET EXPENDITURE	234,496,555	0	234,496,555
Adjustment to Balances: Surplus / Deficit (-)	-1,247,000	0	1,247,000
Wigan Net Budget Requirement	233,249,555	0	233,249,555
Shevington Parish Precept	72,000	0	72,000
Haigh Parish Precept	3,600	0	3,600
BUDGET REQUIREMENT	233,325,155	0	233,325,155
Less: Revenue Support Grant	-15,212,210	0	-15,212,210
National Non Domestic Rates	-109,276,737	0	-109,276,737
Surplus on Collection Fund	-125,000	0	-125,000
Amount to be met by Council Tax	108,711,208	0	108,711,208
General Fund Balances b/f 1 st April	22,371,000	0	22,371,000
Revenue Deficit (-) / Surplus for Year	0	0	0
Capital Programme Deficit	-1,247,000	0	-1,247,000
Less Anticipated Carry Forward Bids	-2,500,000	0	-2,500,000
General Fund Balances c/f 31st March	18,624,000	0	18,624,000

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:

- **Overspends in 2007/08** - The budget monitoring process has already identified a number of budget pressures. Some of these are structural budget pressures in service delivery areas which need a longer term strategy to identify funding. This has been considered as part of the budget challenge and scrutiny arrangements.
- **Manchester Airport** - It has been assumed that no dividend will be received during the currency of this forecast (2008-2011). There are sound prudent reasons underpinned by accounting codes of practice which advise against taking into account dividends which have not been realised particularly if these are material. There is also economic uncertainty associated with the air industry and so the prudent approach is to continue the previous practice of not anticipating these dividends in our financial plans.
- **Insurance Claims** – It is assumed that the current Insurance Provision will be sufficient to meet any liability claims arising. However the nature of the area is such that uncertainty is present. In previous years for example the Insurance Fund has been used successfully to meet the costs of unexpected events such as the fire at Broomfield Tip.
- **Employer's Superannuation** – The rates notified by Tameside (13.9% : 14.8% : 15.6% over the 3 years) are provisional and Tameside have advised that these may require revisiting in the light of proposed legislative changes to the LGPS.
- **Equal Pay** – Whilst substantial payments have already been made there remains the possibility of individual litigation and grievances.
- **Local Authority Business Growth Incentive Scheme (LABGI)** – The Council received £0.316m under the LABGI scheme in 2006/07. A further £0.431m has been received in 2007/08. Requests have been made for the Council to spend the “reward on business in the borough” – to promote future investment, creation of new jobs and to help new business. In that context it would seem appropriate and prudent to consider the application of any LABGI funding to the Capital Programme. However there are currently on going legal challenges and therefore uncertainty still surrounds the retention of the income received to date and any likely receipts from the scheme in the future. There is potential for funding to be clawed back.

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- **YPO Dividend** - Due to trading difficulties, there will be no dividend paid in 2008 in respect of the 2007 financial year. Additionally any decision in respect of dividends payable in 2009 has been deferred until such time as the 2008 results are known. Therefore no dividends have been anticipated in our financial plans.
- **Office Accommodation** – Major redevelopments in Wigan Town Centre, including the Joint Service Centre PFI project (and its wider effects across the Borough as part of the Customer transformation strategy) and large private sector office and residential new builds potentially affecting the Council's estate, will all significantly impact upon the Council's office accommodation strategy.

A review of Office Accommodation requirements which is currently underway will take into account these developments, potential capital receipts, home and mobile working as well as the effects of the Support Services review. There remain many uncertainties.

- **Capital Receipts** – As contained within the Council's Capital Strategy the Capital Programme is financially dependant upon the realisation of capital receipts. There is a risk that not meeting targets for capital receipts will directly impact upon the Council's reserves position. The current "credit crunch" and continuing macro-economic uncertainties are expected to impact on both demand for and the value of land for development and sales of Council Houses under the right to buy scheme. The Council's Affordable Housing strategy may also impact upon the availability of capital receipts for the general capital programme.
- **Capital Programme Major Projects** – A number of major capital projects are based upon complex funding packages of grants and capital receipts. The Council is currently engaged in projects at Leigh Sports Village, the redevelopment of the Wigan Pier quarter, the creation of a replacement high school at Abraham Guest and planning a major highway scheme from the J25 on the M6 to Westwood. In addition the Council is also procuring a Joint Service Centre under the PFI. The nature and complexity of these projects will create uncertainty in spite of all measures to manage them effectively. As stated above the link between the capital programme and the revenue budget means that uncertainties in this area may affect balances.
- **Waste Disposal** – The current arrangements for waste disposal will not be capable of delivering on government targets in the longer term. Options are under consideration which may result in the need for significant capital investment funded either via the PFI or Prudential Borrowing.

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- **Neighbourhood Renewal Fund (NRF)** – The NRF programme funding concludes in 2007/08 and this presents the Council with some risk in terms of the NRF exit strategy. Pressures which are likely to arise as funding is withdrawn continue to be assessed as part of the budget challenge process and in the context of other non-mainstream funding which the Council may access in 2008/09 and future years.
- **Building Schools for the Future (BSF)** – Wigan Council is engaged in a joint procurement project with Salford City Council to attract government financial assistance via both PFI and conventional funding mechanisms to replace or renovate the Borough's high schools. It will be necessary to fund the procurement team and consultancy costs. Funding has been identified but such a large scale, long term project carries uncertainty.
- **Pay and Grading Review** – The Council continues to review the position of the pay and grading review. The long term aim remains to ensure that there is no additional cost to services or the taxpayer. In the short term there is likely to be a funding requirement for any transitional arrangements and it is suggested that this risk is best held against balances. The potential cost of a 1% uplift in the relevant pay bill base is £1.4m and some Councils have identified uplifts in the range of 5% and so this is a potentially very significant risk to manage. At our consultation meeting Trade Union representatives expressed concern at the absence of a clear provision in the budget for the cost of the pay and grading review. They also felt that the 2% provision for pay was a risk for the Council given the prevailing rate of inflation and the 6% claim submitted by the staff side.
- **Public Law and Family Fees** – There are proposals under consultation to substantially increase these fees the proposition being the fees fully recover the cost of providing a court system for these cases. As the consultation doesn't end until March it is difficult to say what if any impact these charges will have on the budgets and so it is suggested that the risk is held against balances.
- **Costs of Transition from Childhood to Adulthood** – These costs have been identified as a structural issue and identified in the budget challenge process. This is a complex area and a broader piece of work may be necessary as part of the wider strategy around Adult service provision to fully understand the position regarding the build up of costs and how these shift during transition. As an element of uncertainty exists this means a risk to be held against balances.
- **Demographic Change** – Estimates of falling schools rolls are factored into the construction of the schools budget to be met by DSG. The forecast trend in the elderly population indicates an increasing number of individuals in the 85+ category and these pressures would need to be considered in any growth bid for Adult Services elderly clients. The latest forecast shows an increase across all adult age groups.

Summary Analysis of Financial Planning Spending Review 2008/09

Service	Service Area	2008/9 Savings £000's	2008/9 Growth £000's	2009/10 Savings £000's	2009/10 Growth £000's	2010/11 Savings £000's	2010/11 Growth £000's
Children and Young Peoples Services	Improved Commissioning	-25		-25		-25	
	Departmental Efficiencies	-50		-50		-50	
	Advertising income	-25		-25			
	Use of grant income						
	- Childrens Fund	-25		-25		-25	
	- Connexions	-25		-25		-25	
	- Sure Start	-25		-25		-25	
	Accommodation savings	-35					
	School Improvement	-25		-25		-50	
	Youth Offending Team	-5		-5			
	Personal Social and Health Education	-5					
	Extended Learning	-5		-10			
	Arts Advisory Service	-5		-10			
	Outdoor Education	-5		-10			
	Planning Performance and Quality Assurance	-10		-10			
	Education Business Partnership	-5		-5			
	Car allowances	-15					
	Advocacy	-5		-5			
	Home to School Transport		150				
	Children in need of protection		150			100	
Sub Total CYPS		-295	300	-280	100	-250	100

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Service	Service Area	2008/9 Savings £000's	2008/9 Growth £000's	2009/10 Savings £000's	2009/10 Growth £000's	2010/11 Savings £000's	2010/11 Growth £000's
Adult Services							
	Supporting People						
	Learning difficulties	-70		-72			
	Mental Health Services	-20		-20			
	Older People	-100		-100		-71	
	Physical Disabilities	-40		-47			
	Residential Care - Elderly		280				
	Mentally Infirm						
	Transition costs /		600		800		
	Demographic pressures		95				
	Safeguarding						
	Strategy and Support	-5		-5			
	Sub Total Adults (exc Supporting People)	-235	975	-244	800	-76	0
Environment							
	Highways and Works Budget			-125			
	Waste Collection Best Value	-691					
	Review Savings			-132			
	Loss of Neighbourhood						
	Renewal Funding		321				
	Dry Recyclables Pilot		132		132		
	Waste Management Strategy		110				
	Joint Service Centre Project		68				
	Manager		60				
	AGMA Joint Waste						
	Staff Salaries	-80		-10			
	Equipment Budgets	-17		-11			
	Further green waste round		100				

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Service	Service Area	2008/9 Savings £000's	2008/9 Growth £000's	2009/10 Savings £000's	2009/10 Growth £000's	2010/11 Savings £000's	2010/11 Growth £000's
	Further dry recyclables		367		367		367
	Environmental Initiatives		50				
	Neighbourhoods		150				
		-788	1,358	-278	499	-155	367
Wigan Leisure & Culture Trust							
	Increase cemeteries income	-50					
	Complete Tourist Information Centre Review	-26					
	Procurement and supply chain	-45					
	Office Accommodation at Stables Centre	-12					
	Re-engineer the Library Service			-20		-25	
	Jazz festival contribution		20				
	Peoples Network		42				
	Review of Allotments (Joint with Legal and Property)				45		45
	Review of Leisure Venues			-45		-45	
		-133	62	-65	45	-70	45
Chief Executives (inc BSS costs)							
	Coops Building - accommodation savings	-29					
	Workforce development strategy		100				
	Print Services Review	-24					
		-53	100	0	0	0	0

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Service	Service Area	2008/9 Savings £000's	2008/9 Growth £000's	2009/10 Savings £000's	2009/10 Growth £000's	2010/11 Savings £000's	2010/11 Growth £000's	
Finance & IT (inc BSS costs)	Finance staffing Rationalisation of ICT helpdesks	-99						
	Deletion of Audit Manager post	-27						
	Payroll	-24						
	CIPFA Trainees	-22						
	International Financial Reporting Standards	-15						
	ICT - improved communications technology / mobile		400	-100	50	-100		
	Court cost income and business efficiency savings	-59	400	-100	50	-100	0	
			-246	400	-100	50	-100	0
	Legal & Property Services (inc BSS costs)	Review of Energy Management Unit		60	-20			-40
		Review of property maintenance and repairs		400	-40			-40
Safety checks of community centres					32			
			0	460	-60	32	-80	0

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Service	Service Area	2008/9 Savings £000's	2008/9 Growth £000's	2009/10 Savings £000's	2009/10 Growth £000's	2010/11 Savings £000's	2010/11 Growth £000's
CYPS - Business Support Services	Salary savings	-150					
Adults - Business Support Services	IT / Secretarial Support / Information & publicity	-91					
Environment - Business Support	IT communications	-33					
	Finance	-72					
	HR	-15					
Support Services Review	Legal Services	-166					
	Creditors and Debtors	-135					
	Recruit to Pay	-335					
	ICT	-133					
	Other financial processes	-130					
	Mail	-56					
	Further anticipated savings			-1,250		-1,250	
	Provision for reinvestment / redundancy / pension costs		1,000		625		625
		-1,316	1,000	-1,250	625	-1,250	625
	Total Spending Review	-3,066	4,655	-2,277	2,151	-1,981	1,137
	Balance between growth and savings		1,589		-126		-844