
Foreword from the Deputy Chief Executive

Wigan Council is one of the largest local authorities in the country with a population in excess of 300,000, more than 140,000 residential properties and a yearly gross budget of almost £884 million.

The Financial Plan is divided into three sections. Section 1 provides an overview of the revenue budget and contains details of the budget process. Section 2 sets out the capital plans and section 3 provides details of our Medium Term Financial Plan.

The Council considers control of its budgets to be critical to the management of the overall finances of the Council. To this end, Chief Officers are accountable for delivering their services within the allocated budgets. However to assist them, Chief Officers have maximum flexibility in the use of budget virement and delegated responsibilities in order to manage departmental budgets within overall cash limits and in compliance with the concepts of Value for Money.

This process is underpinned by the submission of regular monthly budget monitoring statements to Heads of Service and budget monitoring reports to Cabinet. This process allows early recognition of budgetary problems so that early action may be taken to correct potential overspendings.

It is hoped that external readers of this document will find the information presented here helpful in understanding the Council's finances, the Council's budget process set against the national scene, the way in which financial resources are allocated between the competing demands of the services and between the various inputs of staff, premises, transport etc. within budgets for 2013/14.

My thanks go to my dedicated team of finance staff who have worked hard to produce the budget for 2013/14, and to colleagues in other departments who have helped in the process.

Paul McKeivitt, BA (Hons), ACMA, CGMA

Section 1

The Revenue Budget

It has been estimated that in order to set a balanced budget over the three years of the Medium Term Financial Plan, the Council is required to deliver £32m in savings, including £18.8m in 2013/14.

The 2013/14 budget has seen 2 very significant changes to the way local government is funded. Firstly the localisation of council tax benefits has allowed government to reduce its own contribution towards Council Tax Benefit (CTB) funding by reducing the funding of CTB by approximately 12%. The shortfall will be found via the new local scheme from a combination of either adjustment to a number of council tax allowances (eg for empty properties) and also through cuts to council tax benefits themselves.

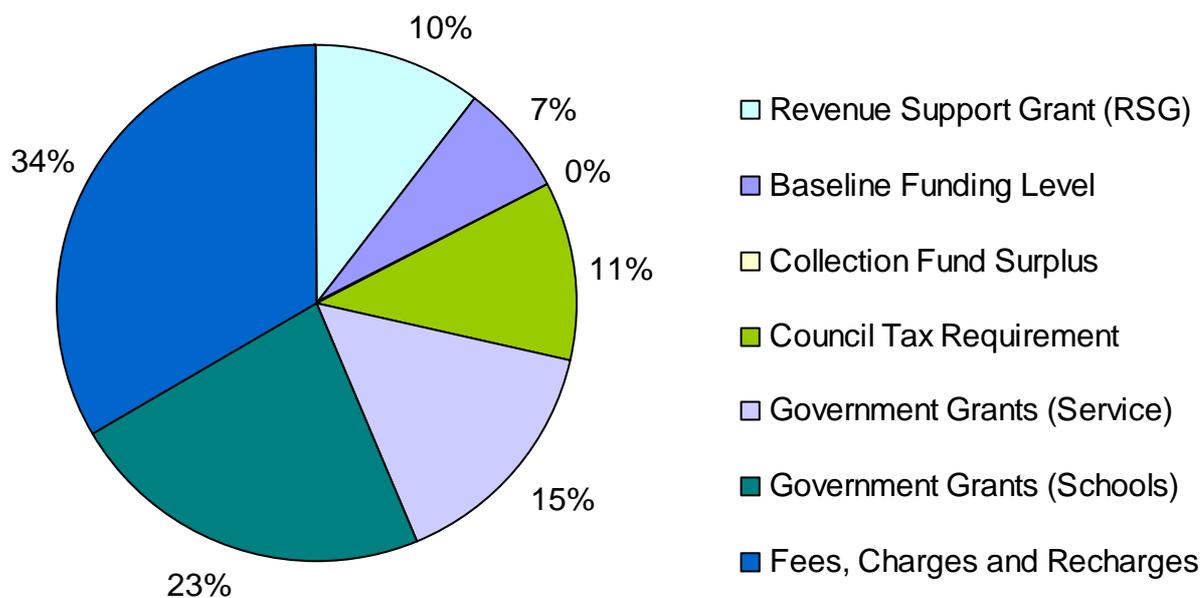
Secondly, from 2013/14 the old National Non Domestic Rates system is abolished and in its place is the localised business rates system. This reform is expected to incentivise local councils to stimulate economic growth in their area because they may for the first time retain part of any growth in local business rates. The new system is complex and less transparent than the needs based allocation system it is replacing which sought to address the particular issues existing in local areas. The Council is now responsible for the collection and management of fluctuations in the business rates pool of around £70m.

Clearly forecasts are less robust and contain more risks the further they look forward. In the current climate this is truer than ever before. The events of 2010/11 and the requirement to change budgets significantly in year illustrated how quickly things can change. In 2012/13 the council responded well, meeting its efficiency target of £24m and has shown itself able to react to those difficult times.

Where the money comes from

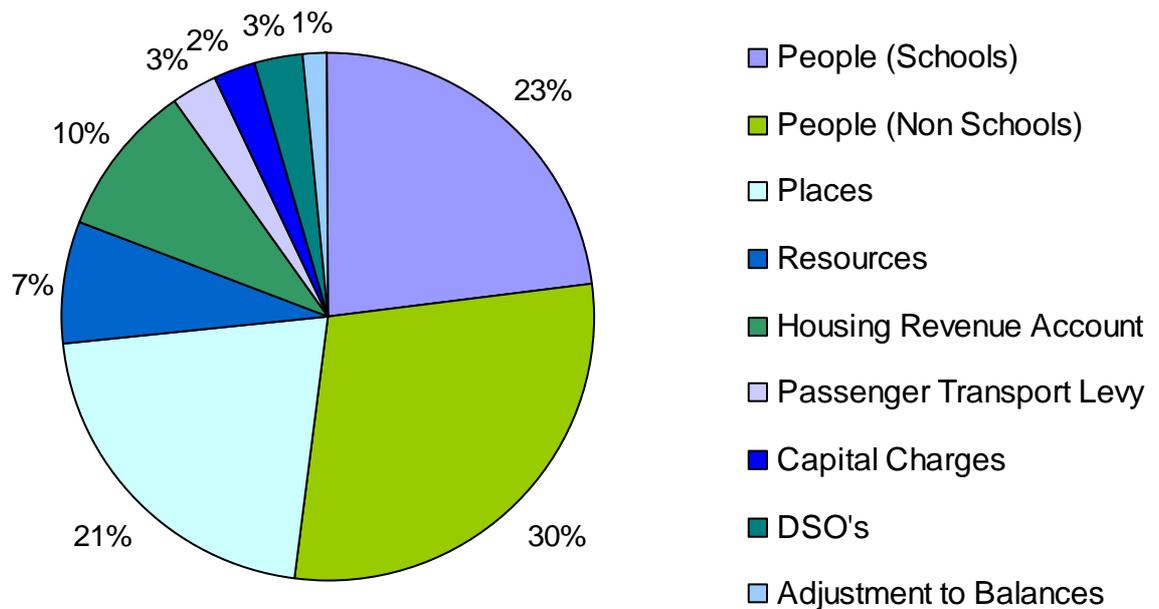
The Council funds its services from a number of sources. The main funding streams that the Council receives are shown here:

	£000s
Revenue Support Grant (RSG)	92,698
Baseline Funding Level	61,669
Council Tax Requirement	98,387
Government Grants (Service)	131,973
Government Grants (Schools)	202,497
Fees, Charges and Recharges	296,564
Total	883,788



What Wigan Council Spends the money on

	£000s
People (Schools)	203,408
People (Non Schools)	254,396
Places	188,314
Resources	66,163
Housing Revenue Account	85,200
Passenger Transport Levy	23,465
Capital Charges	21,502
Internal Direct Service Organisations (DSO)	28,575
Adjustment to Balances	11,616
Other	1,149
Total	883,788



Council Tax

The Council has increased its Council Tax for 2013/14 by 2% (before precepts from Greater Manchester Fire and Rescue Authority and Greater Manchester Police).

Council Tax is a charge levied on residential properties. Each property is placed in one of 8 bands, A to H, based upon its April 1991 valuation. The valuation of properties is carried out and is the responsibility of the Valuation Office Agency, a government organisation which is separate from the Council. Of the 8 bands, band D is commonly quoted as this represents the average value across the country, although the majority of Wigan properties fall within bands A and B.

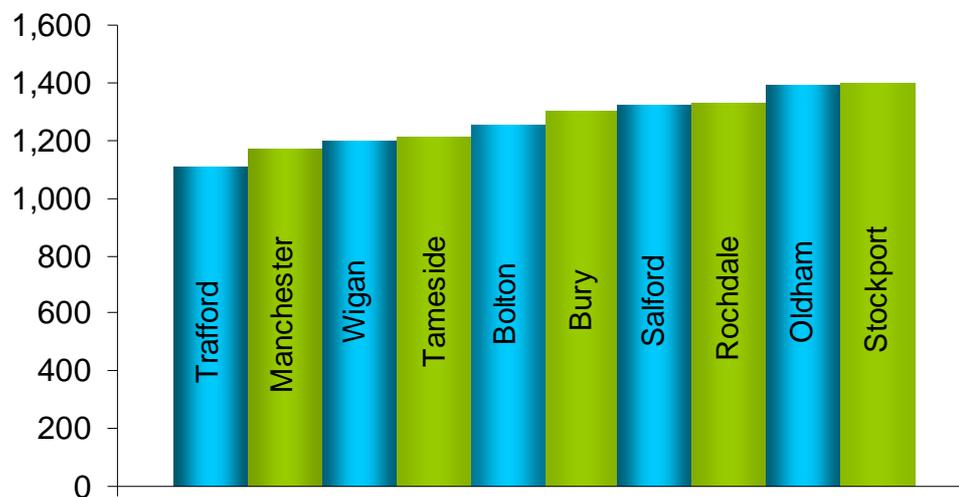
The Council Tax for a property consists of a number of components for the various services provided to the household. The total Council Tax consists of an element for Wigan Council and amounts for the Police and the Fire and Rescue authorities (known as precepting authorities).

	Total £000s	Band D Equivalent £
Wigan Council Net Budget Requirement	252,682	3,071.57
Less: Revenue Support Grant	92,697	1,126.82
Baseline Funding Level	61,668	749.64
Wigan Council element of Council Tax	98,317	1,195.11
Add: Gtr Manchester Police Authority	12,285	149.33
Gtr Manchester Fire & Rescue Authority	4,742	57.64
Total Council Tax	115,344	1,402.08

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 Government Valuation Office, 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%).

Band	Valuation	Council Tax £	No. of properties
A	Up to £40,000	934.71	66,901
B	£40,001 to £52,000	1,090.51	31,136
C	£52,001 to £68,000	1,246.29	23,045
D	£68,001 to £88,000	1,402.08	11,564
E	£88,001 to £120,000	1,713.64	5,628
F	£120,001 to £160,000	2,025.22	1,782
G	£160,001 to £320,000	2,336.79	589
H	Exceeding £320,000	2,804.16	51

This graph compares Wigan's total Band D Council Tax for 2013/14 with the equivalent for the other Greater Manchester Authorities.



Service Budgets

The Council is structured into 3 Directorates – People, Places and Resources.

The Revenue Estimate for each of the Directorates is shown below along with the Housing Revenue Account (HRA):

People Directorate

Expenditure and Income	2012/13 estimate £	2013/14 estimate £
Employees	231,704,068	212,930,834
Premises related expenses	17,482,703	16,534,455
Transport related expenses	4,297,890	4,271,971
Supplies and services	27,296,671	25,955,125
Third party payments	97,400,928	115,564,737
Transfer payments	8,080,179	8,649,522
Support services	26,465,714	32,186,822
Capital charges	8,126,642	7,507,062
Total expenditure	420,854,795	423,600,528
Grants and contributions	-251,691,330	-238,678,983
Rents/fees	-20,763,608	-20,435,227
Recharges	-17,848,728	-23,274,954
Contribution from Reserves	-1,850,911	0
Total income	-292,154,577	-282,389,164
Total net expenditure	128,700,218	141,211,364

Places Directorate

Expenditure and Income	2012/13 estimate £	2013/14 estimate £
Employees	21,419,704	20,876,443
Premises related expenses	3,902,962	3,717,869
Transport related expenses	7,528,838	7,225,730
Supplies and services	5,119,867	4,019,740
Third party payments	31,890,550	29,246,232
Transfer payments	104,231,020	98,363,059
Support services	12,735,436	13,469,262
Capital charges	10,042,608	11,396,234
Total expenditure	196,870,985	188,314,569
Grants and contributions	-106,211,527	-100,039,395
Rents/fees	-11,867,477	-11,416,145
Recharges	-11,668,566	-11,518,395
Contribution from Reserves	-32,565	-32,565
Total income	-129,780,135	-123,006,500
Total net expenditure	67,090,850	65,308,069

Resources Directorate

Expenditure and Income	2012/13 estimate £	2013/14 estimate £
Employees	24,958,689	23,009,973
Premises related expenses	6,606,141	5,830,675
Transport related expenses	398,503	262,301
Supplies and services	23,047,799	21,077,555
Third party payments	484,584	2,929,686
Transfer payments	24,132,456	0
Support services	14,622,754	11,429,576
Capital charges	1,771,484	1,623,290
Total expenditure	96,022,410	66,163,056
Grants and contributions	-34,839,400	-9,563,001
Rents/fees	-7,437,501	-5,411,281
Recharges	-38,379,620	-38,127,114
Total income	-80,656,521	-53,101,396
Total net expenditure	15,365,889	13,061,660

Housing Revenue Account (HRA)

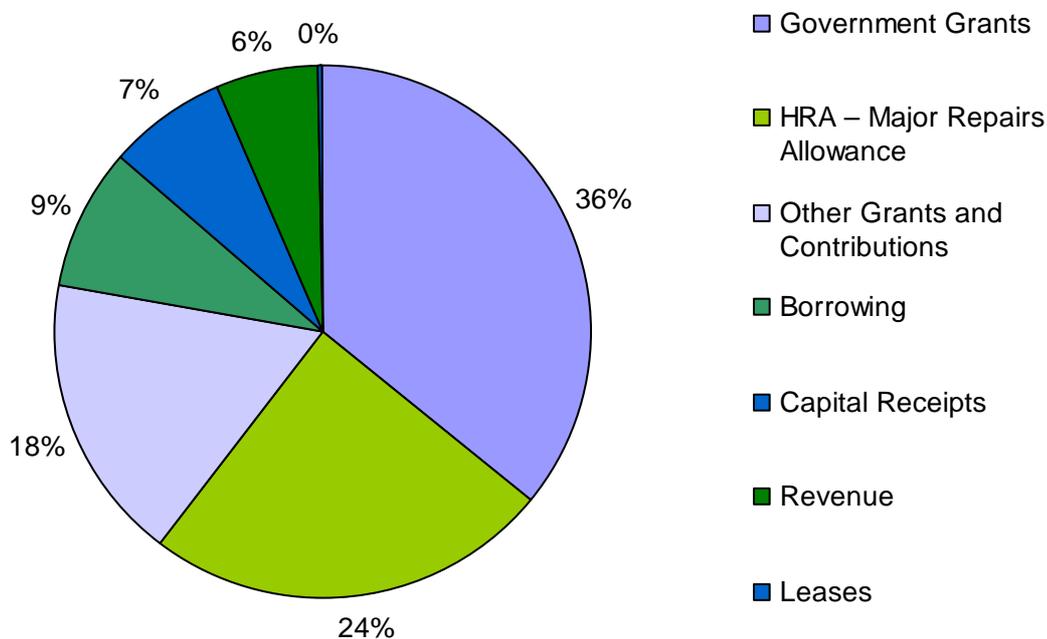
Expenditure and Income	2012/13 estimate £	2013/14 estimate £
Repairs & Maintenance	23,500,000	23,300,000
Supervision & Management	13,687,122	13,792,341
Special Services	3,863,340	4,120,475
Rents, Rates & Other Charges	888,275	888,275
Interest Charges	19,000,000	18,400,000
Debt Repayment & Non interest costs	20,616,286	21,250,102
HRA Capital Expenditure	1,377,000	1,400,000
Debt Management Costs	100,000	100,000
Provision for Bad Debts	800,000	1,695,000
Total Expenditure	83,832,023	84,946,193
Dwelling Rents	79,424,000	83,897,000
Non Dwelling Rents	633,815	587,815
Charges to Tenants, Leaseholders & Others	1,599,472	1,645,472
Contributions towards expenditure	1,994,736	2,577,067
Government Grants	0	0
Interest on HRA investments	80,000	100,000
Transfers from GF / MRR	0	0
Total Income	83,732,023	88,807,354
Deficit / Surplus (-)	100,000	-3,861,161
Balance Brought Forward 1 st April	-6,500,000	-10,175,835
Balance Carried Forward 31st March	-6,400,000	-14,036,996

Section 2

The Capital Programme

The Council operates a rolling 5 year Capital Programme which is continuously monitored. The programme of works planned for 2013/14 amount to some £80m. The following shows how the £80m is funded and provides an analysis of the major schemes.

Where the money comes from	Total £000s	%
Government Grants	28,695	36
HRA – Major Repairs Allowance	19,538	24
Other Grants and Contributions	14,084	18
Borrowing	6,810	9
Capital Receipts	5,864	7
Revenue	4,940	6
Leases	138	0
Total	80,069	100



Borrowing

Government departments provide support for capital expenditure as capital grants to directly support capital expenditure or through rates support grant (RSG) as revenue support for borrowing.

The Council is free to set its own borrowing limits subject to the Prudential Code, in which case, as the name suggests, proposals for the use of unsupported borrowing are based on a business case approach, where revenue savings or additional revenue income will be sufficient to pay for the borrowing costs.

Major Projects

Examples of the projected key capital projects that the Council will be involved in during 2013/14 include:

		£000s
People Services	Basic Needs – extensions to schools	10,068
	Capital Maintenance Funding	5,988
	Standards Fund – Community/Voluntary Controlled	2,248
Places Services	LSM Busway	5,936
	Structural Maintenance Roads & Bridges	2,368
	Vehicle Replacement Programme	2,959
	New Depot	225
Housing	Achieving Decent Homes	20,638
	Disabled Adaptation Council Dwellings	2,060

Section 3

The Medium Term Financial Plan

This update of the 3 year financial strategy is based upon experience and the latest available information. Once again the Chancellor has signalled that the poor national economic outlook will likely mean that the period of cuts in Local Government will last longer than originally anticipated. This means that beyond 2013/14 the council potentially faces further cuts, perhaps in excess of the those currently planned.

As part of the overall planning of the medium term strategy individual service pressures have been excluded. What this means in practice is that directorates will plan for and manage pressures within their respective service area budgets. The plan recognises however that significant pressures within Adult Care Services are likely to continue.

The forecast is developed to recognise risk where it is known and readily quantifiable but this remains extremely challenging as the impact of many changes is hard to estimate. The following areas have been identified as a potential financial risk before but have not as yet been fully quantified as the value is uncertain:

- Sustainability of Wigan residential care fees base
- Adverse changes to Insurance claims
- Superannuation and Pay
- Localisation of council tax benefit from 2013/14 and its longer term effects
- Localisation of Business Rates and its longer term effects
- Demographic change in the Borough
- Consultation on supporting families in the foundation years
- Procurement of the waste collection and disposal
- Council Tax Capping

Ultimately the council mitigates against these risks by retaining adequate levels of reserves and balances. The 3 year plan is shown below.

Medium Term Financial Strategy 2013/14 to 2015/16	Estimate 2013/14 £000s	Estimate 2014/15 £000s	Estimate 2015/16 £000s
Overall Costs			
Previous Year's Net Budget Requirement (adjusted for any balance transfers)	254,698	264,088	264,098
Inflationary Uplift	4,903	5,891	6,130
Other Growth and Savings – variation to Budgets	-18,534	-6,526	-6,724
Public Health	23,020	645	0
Transfer to / from (-) Balances	11,616	0	0
Revised Budget	275,703	264,098	263,504
Funded by:			
Grant Income	177,387	163,817	161,217
Council Tax	98,316	100,281	102,287
Total External Revenue Funding	275,703	264,098	263,504
Council Tax (Band D equivalent £)	£1,195.11	£1,219.01	£1,243.39
Savings Required			
Total savings required with above inflation and CT assumptions (£'000)	18,766	6,352	6,968
Proportion of Revised Budget (%)	-6.8%	-2.4%	-2.6%
Revenue Balances Position – anticipated starting point	12,160	23,638	23,638
Flowing into balances: benefit of accelerated savings delivery / use for revenue	11,616	0	0
Use to support major project procurement	-138	0	0
Revenue Balances Position – at end of year	23,638	23,638	23,638