
Foreword from the Director of Corporate Services – Resource Directorate

The Financial Plan contains the budget that the Council has agreed for 2011/12. It also contains the Medium Term Financial Plan 2011/12 to 2013/14.

We are one of the largest local authorities in the country with a population in excess of 300,000 and more than 139,000 residential properties and a yearly gross budget of almost £680 million.

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

The Council considers control of the budgets to be critical to the management of the overall finances of the Council. The Chief Officers are accountable for delivering the services within the allocated budgets. The Council allows Chief Officers 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 budget monitoring reports to the Executive Cabinet, distinguishing between budgets under direct control and those which are centrally allocated. This process allows earlier recognition of budgetary problems and corrective action to mitigate identified 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 2011/12.

Despite facing the significant challenges of increasing cost pressures and having to generate efficiencies, whilst maintaining front line services during the economic downturn, my thanks go to my dedicated team of finance staff who have worked hard to produce the budget for 2011/12, and to colleagues in other departments who have helped in the process.

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Service Director of Corporate Services – Business Support Services

Section 1

The Revenue Budget

The Council has for some time been anticipating the stringent cuts in funding announced by the Government as part of the grant settlement for 2011/12 and beyond. A number of measures had been put in place during 2010/11 in an attempt to alleviate the potential losses of funding provided by Government:

- A freeze on all non-essential spend
- The release of all Agency / Temporary staff (unless employed in key risk areas)
- A 3% cut in budgets during 2010/11
- A programme of ER / VR
- Eliminate the deficit balance on the Capital Programme.

All these options have put the Council in an improved financial position which is invaluable moving forwards.

The Medium Term Financial Plan shown later in this document shows the level of savings required for the following 3 years following the Government announcement on revenue spending in December 2010.

The savings targets would have been significantly higher had the previous measures not already been in place. Even so, the level of cuts are the greatest ever faced by the Council and significant impacts upon services are inevitable.

The savings planned are as follows:

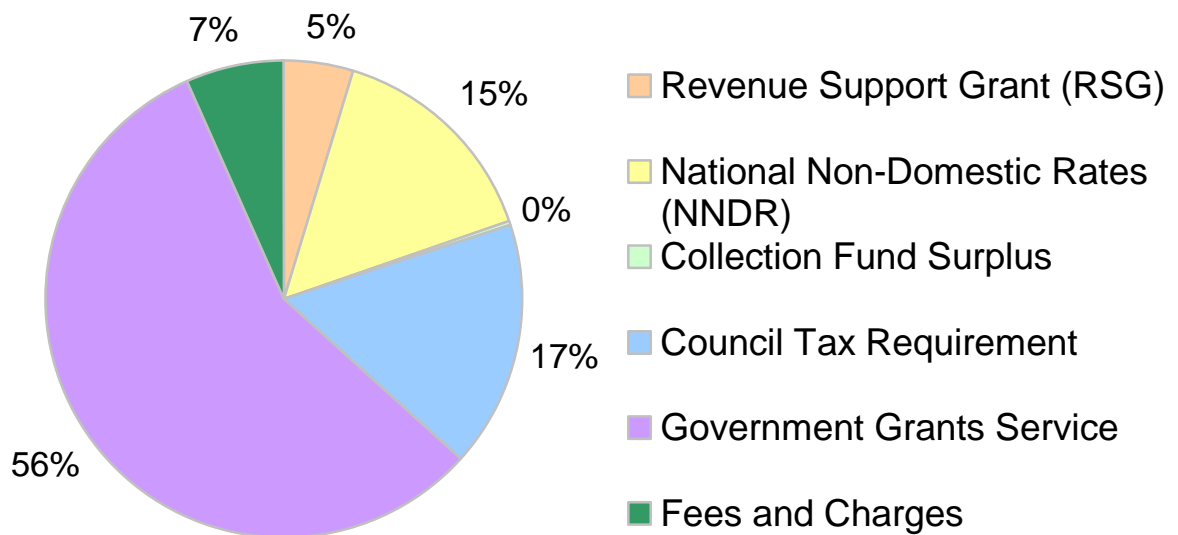
2011/12	£21m
2012/13	£16m
2013/14	£14m

The figures for 2012/13 and 2013/14 are currently only provisional but it is not anticipated at this stage that the position will be improved upon. The figures quoted throughout the document for 2011/12 are net of the £21m required savings target.

Where the money comes from

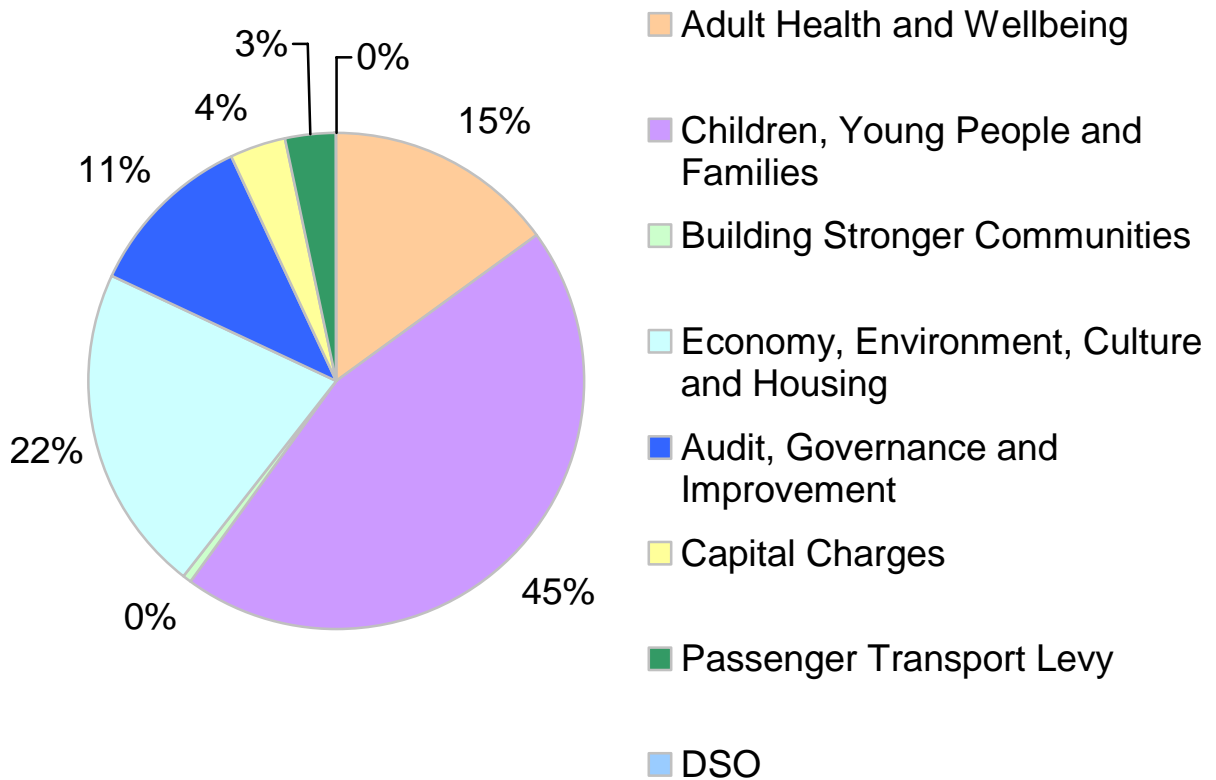
The Council funds its services from a number of sources. The main funding streams that the Council receives are shown here:

	£000s
Revenue Support Grant (RSG)	31,879
National Non-Domestic Rates (NNDR)	103,134
Collection Fund Surplus	200
Council Tax Requirement	113,266
Government Grants (Service)	386,104
Fees and Charges	45,318
Total	679,901



What Wigan Council Spends the money on

	£000s
Adult Health and Wellbeing	101,861
Children, Young People and Families	306,469
Building Stronger Communities	2,964
Economy, Environment, Culture and Housing	146,644
Audit, Governance and Improvement	75,188
Capital Charges	24,537
Passenger Transport Levy	21,800
DSO	438
Total	679,901



Council Tax

The Council has not increased its Council Tax for 2011/12. The Government announced as part of the grant settlement revealed in December 2010, that a one off grant would be available for all Council's who did not increase their Council Tax for 2011/12. The grant would be equivalent to a Council raising its Council Tax by 2.5%. For Wigan, this means that it will receive a grant of £2.8m.

The Chancellor in his March Budget Statement announced that all Councils in England have frozen their Council Tax for 2011/12.

Council Tax is a charge levied on properties. Each property is placed in one of eight bands, A to H, based upon its April 1991 valuation. 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.

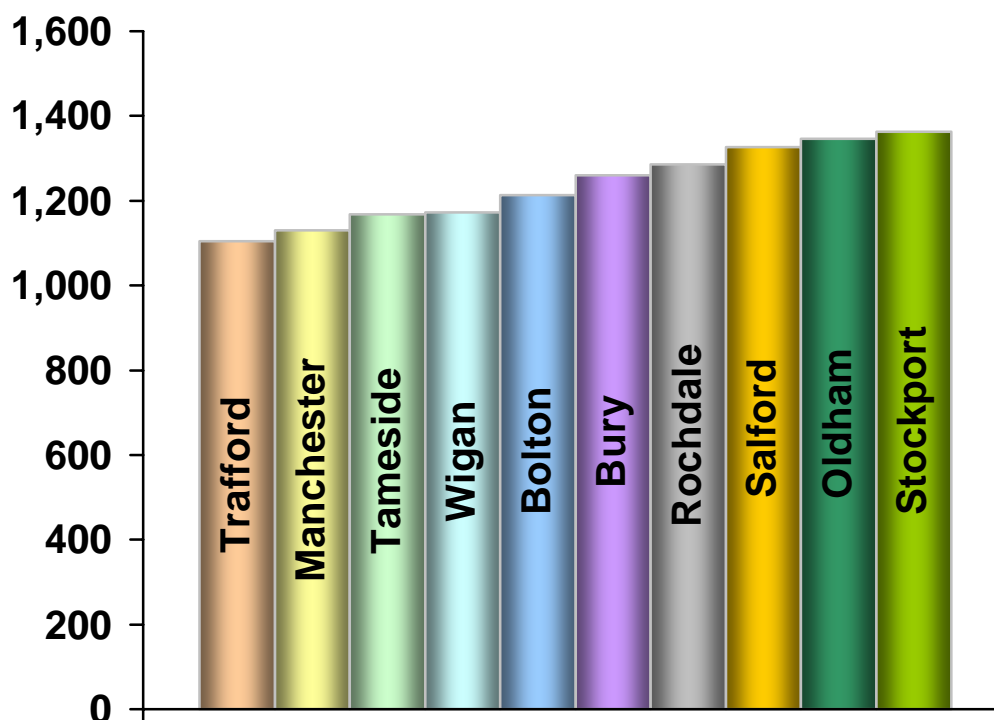
The Council Tax for a property consists of a number of components for the various services provided to the household. The total Council Tax consists of an element for Wigan Council and amounts for the Police and the Fire and Rescue authorities (known as precepting authorities).

	Total £000s	Band D Equivalent £s
Wigan Council Budget Requirement	248,407	2,571.28
Less: Revenue Support Grant	31,879	329.98
National Non-domestic Rates	103,134	1,067.55
Collection Fund Surplus	200	2.07
Wigan Council element of Council Tax	113,194	1,171.68
Add: Gtr Manchester Police Authority	13,943	144.33
Gtr Manchester Fire & Rescue Authority	5,086	52.65
Total Council Tax	132,223	1,368.66

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
A	Up to £40,000	912.44	66,671
B	£40,001 to £52,000	1,064.51	30,963
C	£52,001 to £68,000	1,216.58	22,828
D	£68,001 to £88,000	1,368.66	11,462
E	£88,001 to £120,000	1,672.80	5,564
F	£120,001 to £160,000	1,976.95	1,766
G	£160,001 to £320,000	2,281.10	574
H	Exceeding £320,000	2,737.32	50

This graph compares Wigan's total Band D Council Tax for 2011/12 with the equivalent for the other Greater Manchester Authorities.



Service Budgets

The Council is currently undergoing a major restructure moving from 5 Departments to 3 Directorates.

CYPS and Adult Services will form the People Directorate, Environmental Services will become the Places Directorate, and Business Support Services and Chief Executives will become the Resources Directorate.

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

People Directorate

Expenditure and Income	2010/11 estimate £	2011/12 estimate £
Employees	251,366,738	254,399,255
Premises related expenses	19,929,396	19,401,440
Transport related expenses	6,588,779	5,758,605
Supplies and services	43,626,409	25,245,216
Third party payments	106,191,542	95,751,631
Transfer payments	3,887,081	7,540,675
Support services	30,724,873	29,050,817
Capital charges	9,970,115	8,742,907
Capital financing	103,939	233,921
Total expenditure	472,388,872	446,124,467
Grants and contributions	-267,864,901	-264,682,274
Rents/fees	-26,147,708	-22,645,607
Recharges	-20,425,062	-19,272,393
Total income	-314,437,671	-306,600,274
Total net expenditure	157,951,201	139,524,193

Places Directorate

Expenditure and Income	2010/11 estimate £	2011/12 estimate £
Employees	23,268,746	20,136,642
Premises related expenses	4,376,211	4,142,108
Transport related expenses	4,167,714	3,863,282
Supplies and services	13,208,730	4,501,180
Third party payments	39,536,149	36,433,658
Transfer payments	80,530,790	80,530,790
Support services	16,018,836	15,474,166
Capital charges	13,051,980	11,946,093
Total expenditure	194,159,156	177,027,919
Grants and contributions	-88,489,958	-86,585,990
Rents/fees	-10,537,810	-10,800,687
Recharges	-12,455,600	-10,052,602
Total income	-111,483,368	-107,439,279
Total net expenditure	82,675,788	69,588,640

Resources Directorate

Expenditure and Income	2010/11 estimate £	2011/12 estimate £
Employees	29,664,913	27,366,161
Premises related expenses	8,140,107	6,757,534
Transport related expenses	485,941	414,349
Supplies and services	17,711,851	16,034,600
Third party payments	494,240	483,136
Transfer payments	24,132,456	24,132,456
Support services	14,375,086	15,350,620
Capital charges	-4,239,659	3,217,728
Capital financing	26,580,994	24,385,125
Total expenditure	117,345,929	118,141,709
Grants and contributions	-31,773,950	-25,996,282
Rents/fees	-8,516,759	-8,018,520
Recharges	-57,584,523	-67,149,461
Total income	-97,875,232	-101,164,263
Total net expenditure	19,470,697	16,977,446

Housing Revenue Account (HRA)

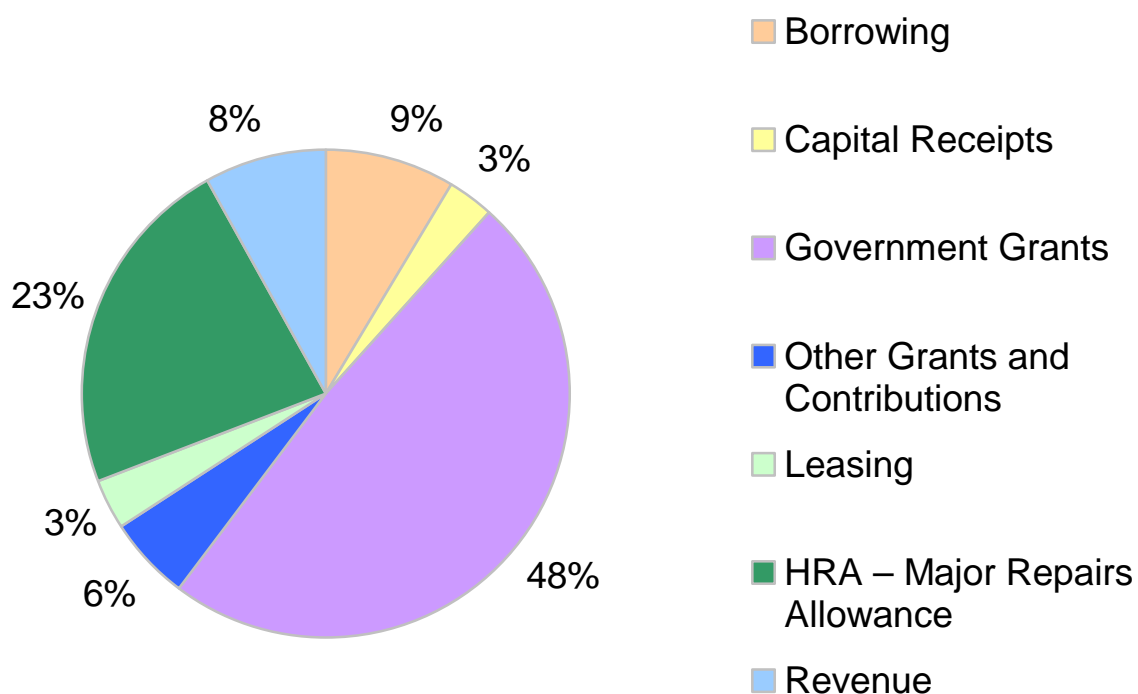
Expenditure and Income	2010/11 estimate £	2011/12 estimate £
Net S&M and Repairs Administration expenditure	15,242,942	15,568,971
Rents, Rates, Taxes and Miscellaneous Costs	45,605	45,605
Housing Programmed Repairs (net of capitalisation)	8,670,000	9,700,000
Housing Responsive Repairs (net of capitalisation)	15,688,000	15,000,000
Building DSO surplus	-188,000	0
Capital Charges - Depreciation: dwellings	13,812,527	13,979,332
Capital Charges – Depreciation: other property/land	132,669	225,359
Capital Charges – Debt Management Costs	50,058	50,000
Capital Charges – Loan Charge Interest	13,904,186	12,624,376
Revenue Contributions to Capital Expenditure	2,887,406	3,900,500
Contribution to Bad Debts Provision	400,000	400,000
Rent Loss on Empty Dwellings	0	0
Housing Subsidy Payable to Central Government	27,643	7,793,190
Total Expenditure	70,673,036	79,287,333
Rents: Dwellings	68,453,658	73,377,248
Rents: Other	628,816	633,815
Housing Subsidy	0	0
Interest Receivable: Cash Balances	38,000	49,000
Interest Receivable: Mortgages	2,322	1,911
Capital Charges: Depreciation (non dwellings)	132,669	225,359
Total Income	69,255,465	74,287,333
Deficit / Surplus (-)	1,417,571	5,000,000
Balance Brought Forward 1 st April	-6,601,591	-9,000,000
Balance Carried Forward 31st March	-5,184,020	-4,000,000

Section 2

The Capital Programme

The Council operates a Capital Programme which is monitored on a 5 year rolling basis. The programme of works planned for 2011/12 amount to some £60m. The following shows how the £60m is funded and provides an analysis of the major schemes.

Where the money comes from	Total £000s	%
Borrowing	5,096	9
Capital Receipts	1,901	3
Government Grants	29,028	48
Other Grants and Contributions	3,349	6
Leasing	2,000	3
HRA – Major Repairs Allowance	13,700	23
Revenue	4,817	8
Total	59,891	100



Borrowing

Government departments provide support for capital expenditure as capital grants to directly support capital expenditure or through the Relative Needs Formula (RNF) as revenue support for borrowing.

The Council is free to set its own borrowing limits subject to the Prudential Code.

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.

The Council produces a capital strategy and an Asset Management Plan (AMP) every year. The capital strategy is a high level summary of the Council's approach to capital investment and the AMP details the Council's approach to asset management over a seven year period.

Major Projects

Examples of the projected key capital projects that the Council will be involved in during 2011/12 include:

		£000s
People Services	Primary Capital	5,428
	Targeted Capital 14-19 Diploma	3,502
	School Kitchens	1,000
	Basic Needs	2,374
	Hindley J&I (Single Site)	3,243
	Tyldesley Primary Extension	1,262
	Capital Maintenance Funding	3,053
	Devolved Capital Community Schools	3,620
Places Services	Renovation Grants / Loans	1,000
	Disabled Facilities Grants	1,400
	Structural Maintenance Roads & Bridges	2,615
	Vehicle Replacement Programme	2,000
	Mesnes Park Restoration	2,389
Housing	Achieving Decent Homes	13,700
	Disabled Adaptation Council Dwellings	2,500
	Affordable Housing – The Orchards	2,000

Summary Panel	Capital Expenditure Forecast						
	Total Cost	Previous Years	2009/10	2010/11	2011/12	2012/13	2013/14
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Housing (HRA)	133,918.5	41,109.4	20,409.1	21,000.0	18,200.0	16,600.0	16,600.0
Housing (Other)	34,828.1	16,139.0	6,524.3	6,664.8	2,500.0	1,500.0	1,500.0
Total Housing	168,746.6	57,248.4	26,933.4	27,664.8	20,700.0	18,100.0	18,100.0
Environment (Roads)	69,722.5	39,396.4	10,686.5	11,344.6	3,095.0	2,658.0	2,542.0
Environment (Other Services)	41,901.9	28,440.2	1,725.0	3,085.6	3,034.0	2,550.5	3,066.6
Total Environment	111,624.4	67,836.6	12,411.5	14,430.2	6,129.0	5,208.5	5,608.6
Children and Young People	186,377.8	100,185.0	28,667.7	17,230.8	24,765.5	9,628.8	5,900.0
Culture	11,765.4	1,350.7	4,092.5	1,870.1	2,499.1	1,953.0	0.0
Adult	34,240.7	28,435.8	3,438.5	528.2	776.2	641.0	421.0
Regeneration	37,934.1	36,344.7	953.2	636.2	0.0	0.0	0.0
Corporate	120,433.5	98,897.9	3,812.1	9,502.5	5,021.1	1,600.0	1,600.0
Total Spend - All Panels	671,122.5	390,299.1	80,308.9	71,862.8	59,890.8	37,131.3	31,629.6

Section 3

The Medium Term Financial Plan

The Council's Financial Strategy has been updated in light of the significant reductions in external funding contained within the Coalition Government's Local Government Settlement for 2011/12 and its provisional settlement for 2012/13.

The Medium Term Financial Plan considers at a high level, all of the information available to Council regarding its business and translates that into a financial profile of the next 4 years. The plan takes into account a wide range of factors which inevitably have a financial impact on the Council:

- The Council's response to changes in the levels of external funding
- Levels of price and pay inflation
- Levels of expected income
- Levels of capital Investment in assets such as schools and roads
- The Council's cash flow, reserves and balances
- Demographic changes which may lead to changes in demand for services
- Risks which may affect the Council's financial position
- Service pressures caused by external factors such as government legislation (for example on Waste Disposal or Carbon Reduction)
- Risks associated with running the Council's activities and potential claims against the Council
- The results of any consultations which have taken place with citizens, employees, trade unions, businesses or partners.

Assessing the financial impact of events which will take place in future years becomes more difficult the further away in time they are. Therefore the plan is formally updated twice a year and this update is timed to ensure that decisions about the revenue budget and Council Tax for 2011/12 are taken in the light of the most up to date information available.

Medium Term Financial Strategy 2011/12 to 2013/14			
	Estimate 2011/12 £000s	Estimate 2012/13 £000s	Estimate 2013/14 £000s
Base budget	245,469	248,207	240,625
Add back:	4,298	0	0
Revised base budget	249,767	248,207	240,625
Inflationary Uplift:			
Use of balances in previous year			
Pay	2,205	2,214	3,477
Price	8,700	8,440	10,694
Income	-6,173	-6,190	-6,813
Grant Changes	20,108	4,325	3,031
Growth/Savings attributed to Capital Investment	2,554	-471	-86
Collection Fund Surplus/Deficit	-200	100	0
Fall out of WNF Grant	-7,754	0	0
Efficiency Savings	-21,000	-16,000	-15,000
Budget requirement	248,207	240,625	235,928
Add grants outside budget requirement	26,660	24,335	21,304
Net Budget Spending	274,867	264,960	257,232
Year on year reduction in net budget spending	-20,696	-9,907	-7,728
% decrease	-7.0%	-3.6%	-2.9%
Grant Income	135,014	124,602	117,005
Council Tax requirement	113,193	116,023	118,923
Year on year increase	469	2,830	2,900
% increase	0.0%	2.5%	2.5%
Estimated tax base	96,608	96,608	96,608
Council Tax	£1,171.68	£1,200.97	£1,230.99
Ready reckoner	£1,131,937	£1,131,937	£1,160,233
1% council tax rise - raises	0.88%	0.88%	0.86%
£1 million on the budget - gives a percentage rise of	£10.35	£10.35	£10.35
£1 million on the budget - amount per Band D			
Revenue balances position anticipated starting point	31,192	18,361	12,362
Adjustment from previous year	-1,200	0	0
Organisational Transition	-10,000	-7,000	0
Reassessment of Insurance Reserve	1,750	1,750	1,750
Support for procurement of major projects	-3,381	-749	-438
Position at end of year	18,361	12,362	13,674