
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 £864 million.

This 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 Assistant Directors 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, budget process and 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 2015/16.

My thanks go to my dedicated team of finance staff who have worked hard to produce the budget for 2015/16, 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 £46m in savings, including £12m in 2015/16.

As with all budgets there are a number of risks. The most significant of which are discussed below:

- The future costs of Adult Social Care. Particularly the impact of the demographic pressures of the ageing population in the region is anticipated to be higher than the national average. There are also concerns around the anticipated cost pressures within the local care home market. However, the Council and CCG are working closely together with a shared objective of alleviating health and social care pressure which has created an environment that is expected will assist with closer financial integration.

A new pressure has emerged in 2014/15 following a Supreme Court ruling in March 2014 against Cheshire West and Surrey County Council, regarding Deprivation of Liberty. The judgement has substantially widened the applicability of the Deprivation of Liberty test and requirement for authorisation, which will likely require additional social care, medical and legal professional input at potentially significant levels. It is estimated that this will cost £0.5m in 2015/16.

- A major development in the funding of social care will take place as a result of the Better Care Fund (BCF) to be introduced from 2015/16. The last 12 months have seen a series of planned and unplanned iterations in the approval process of BCF nationally as plans were submitted and then re-submitted following some concerns about the quality of some of the submissions. In the process, Wigan Clinical Commissioning Group (CCG) submitted a five year strategic, operational and financial plan, with the first two years at an operational level of detail to demonstrate better outcomes and greater efficiencies through working with the council to deliver more integrated services for older and disabled people. The council and the CCG have worked together very closely on the plan and agreed to use the funding which will be received for joint investment.

The level of BCF that has been approved for 2015/16 is just under £25m and whilst much of this money is recycled from existing budget streams, some £8m will be used by the council and the CCG, for investments in new projects, the aims of which are to reduce emergency admissions and increase out of hospital care. There will be a performance element to this aspect of the funding which creates some risk for both the council and the CCG in terms of overall future funding levels of the BCF.

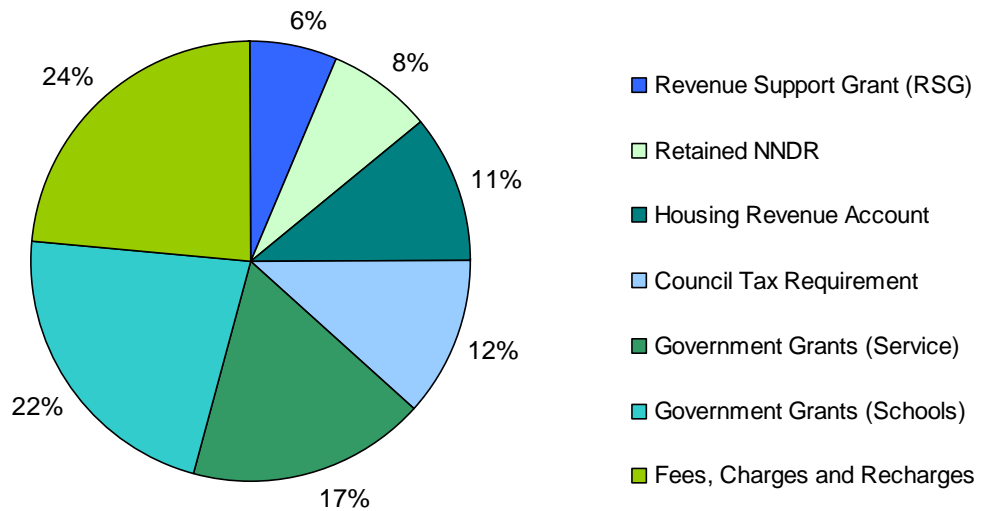
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- The estimation of business rates remains as a significant risk. It is extremely difficult to assess as the tax is prone to significant influences beyond the control of the Council, such as, appeals against rating decisions, changes in liability resulting from occupancy changes, new build, demolitions and changes in business use.

Clearly forecasts are less robust and contain more risks the further they look into the future. In the current climate this is more relevant than ever before. The ever changing environment requires a pro-active approach to the delivery of Council budgets and this is evidenced by the early delivery of the 2014/15 efficiency target of £14m and has shown itself able to react to these difficult times.

Where the money comes from

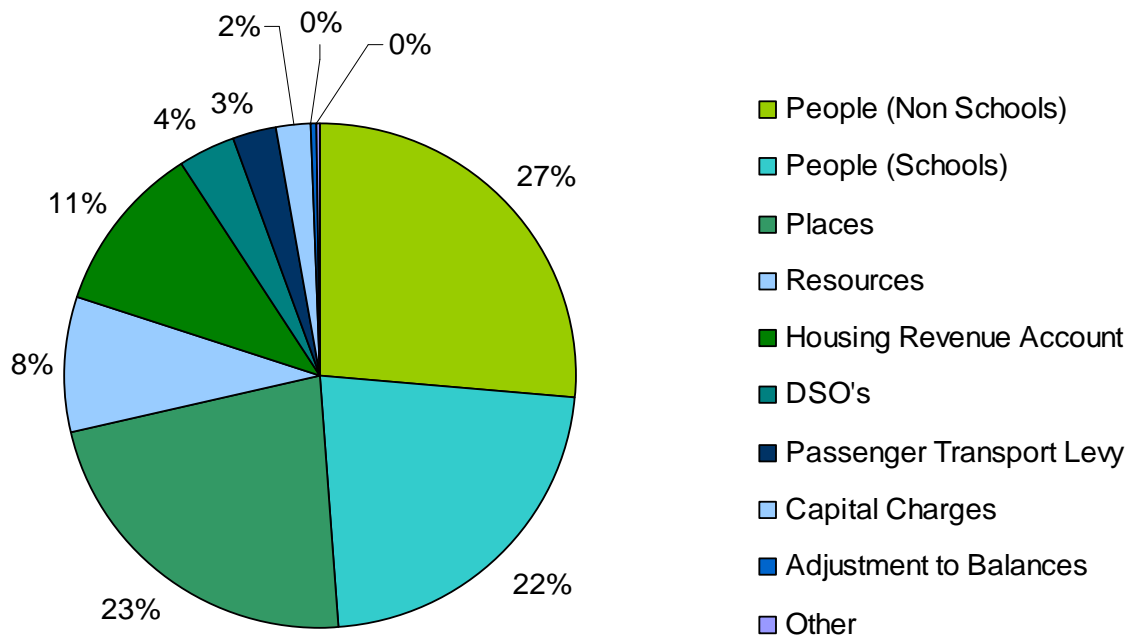
The Council funds its services from a number of sources. The main funding streams that the Council receives are shown here:

	£000s
Revenue Support Grant (RSG)	55,979
Retained NNDR	65,925
Housing Revenue Account	93,381
Council Tax Requirement	101,603
Government Grants (Service)	149,901
Government Grants (Schools)	192,526
Fees, Charges and Recharges	204,287
Total	863,602



What Wigan Council Spends the money on

	£000s
People (Non Schools)	228,788
People (Schools)	192,526
Places	195,481
Resources	73,263
Housing Revenue Account	93,381
Internal Direct Service Organisations (DSO)	33,200
Passenger Transport Levy	22,976
Capital Charges	19,446
Adjustment to Balances	1,074
Other	3,467
Total	863,602



Council Tax

The Council took the decision to freeze its Council Tax for 2015/16 and receive the £1m council tax freeze grant from the government.

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.

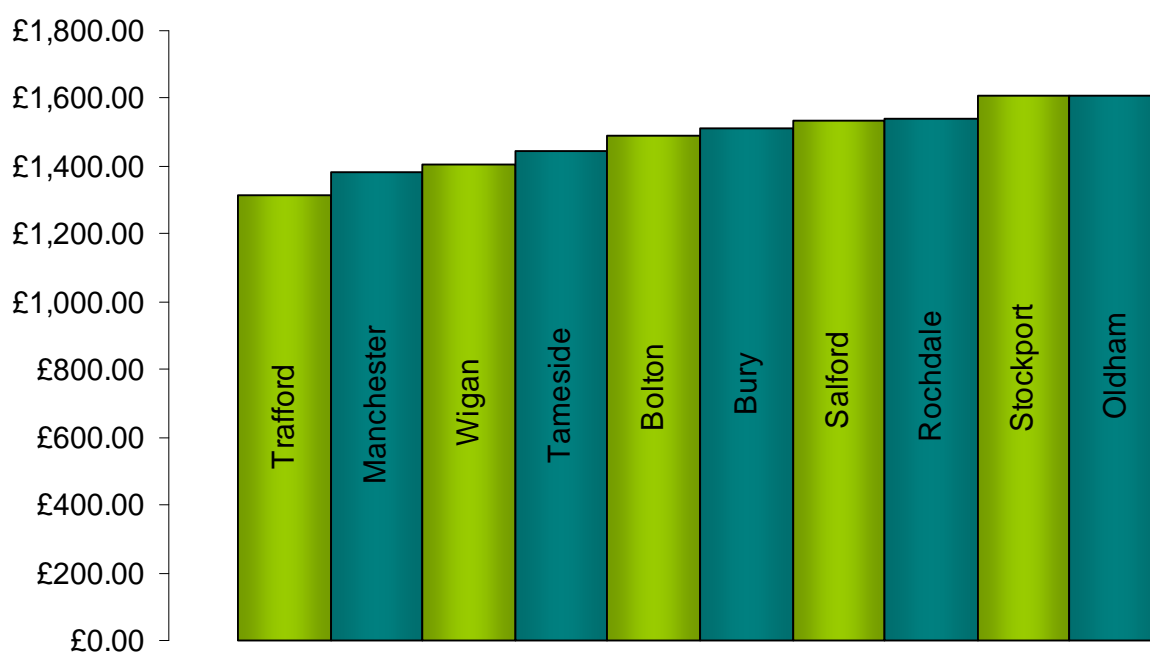
The Council Tax for a property consists of a number of components for the various services provided to the household. The total Council Tax consists of an element for Wigan Council and amounts for the Police and the Fire and Rescue authorities (known as precepting authorities).

	Total £000s	Band D Equivalent £
Wigan Council Net Budget Requirement	223,324	2,620.35
Less: Revenue Support Grant	- 55,979	- 656.83
Retained NNDR	- 65,925	- 773.52
S31 Grants	- 3,280	- 38.49
Add: Loss on Collection Fund	3,463	40.63
Wigan Council element of Council Tax	101,603	1,192.14
Add: Gtr Manchester Police Authority	12,980	152.30
Gtr Manchester Fire & Rescue Authority	4,912	57.64
Total Council Tax	119,495	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	67,044
B	£40,001 to £52,000	1,090.51	31,330
C	£52,001 to £68,000	1,246.29	23,249
D	£68,001 to £88,000	1,402.08	11,630
E	£88,001 to £120,000	1,713.64	5,712
F	£120,001 to £160,000	2,025.22	1,825
G	£160,001 to £320,000	2,336.79	604
H	Exceeding £320,000	2,804.16	53

This graph compares Wigan's total Band D Council Tax for 2015/16 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	2014/15 estimate £	2015/16 estimate £
Employees	203,136,732	201,377,765
Premises related expenses	16,031,858	15,029,101
Transport related expenses	3,754,981	3,304,688
Supplies and services	26,073,208	24,632,634
Third party payments	123,469,713	142,274,842
Transfer payments	9,942,085	12,877,943
Support services	33,056,178	16,019,226
Capital charges	3,190,305	5,798,377
Total expenditure	418,655,060	421,314,576
Grants and contributions	-243,119,611	-268,265,863
Rents/fees	-20,020,082	-20,675,528
Recharges	-23,145,052	-6,267,254
Contribution from reserves	0	-592,835
Total income	-286,284,745	-295,801,480
Total net expenditure	132,370,315	125,513,096

Places Directorate

Expenditure and Income	2014/15 estimate £	2015/16 estimate £
Employees	21,580,003	21,571,713
Premises related expenses	4,735,572	4,923,924
Transport related expenses	6,897,961	6,699,387
Supplies and services	4,263,774	4,041,603
Third party payments	29,846,954	25,563,209
Transfer payments	108,026,000	107,685,000
Support services	14,783,848	15,478,363
Capital charges	9,139,401	9,518,746
Total expenditure	199,273,513	195,481,945
Grants and contributions	-110,233,574	-110,783,559
Rents/fees	-11,352,431	-11,408,584
Recharges	-14,091,250	-14,506,343
Contribution from reserves	-32,565	-350,606
Total income	-135,709,820	-137,049,092
Total net expenditure	63,563,693	58,432,853

Resources Directorate

Expenditure and Income	2014/15 estimate £	2015/16 estimate £
Employees	24,784,832	28,615,388
Premises related expenses	4,547,078	5,722,273
Transport related expenses	185,991	196,770
Supplies and services	22,319,784	22,288,580
Third party payments	3,688,211	3,774,342
Transfer payments	0	0
Support services	10,872,265	11,245,655
Capital charges	1,563,098	1,420,666
Total expenditure	67,961,259	73,263,674
Grants and contributions	-9,056,337	-9,865,166
Rents/fees	-4,581,935	-5,898,919
Recharges	-38,960,433	-40,671,896
Contributions from reserves	0	-1,419,240
Total income	-52,598,705	-57,855,221
Total net expenditure	15,362,554	15,408,453

Housing Revenue Account (HRA)

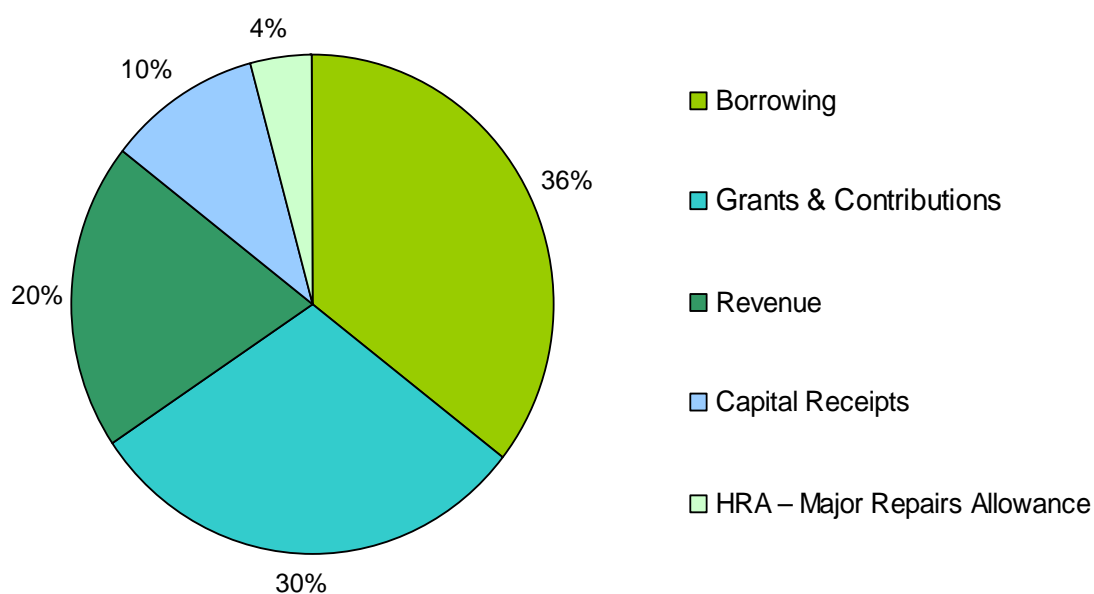
Expenditure and Income	2014/15 estimate £	2015/16 estimate £
Repairs & Maintenance	23,691,000	25,968,860
Supervision & Management	13,273,500	13,014,499
Special Services	5,473,437	5,597,585
Rents, Rates & Other Charges	1,137,968	1,689,375
Interest Charges	18,052,801	16,449,000
Debt Repayment & Non interest costs	21,677,888	21,630,252
HRA Capital Expenditure	6,727,000	9,681,000
Debt Management Costs	100,000	100,000
Provision for Bad Debts	3,051,000	2,657,000
Total Expenditure	93,184,594	96,787,571
Dwelling Rents	-87,176,154	-88,553,146
Non Dwelling Rents	-620,733	-634,389
Charges to Tenants, Leaseholders & Others	-1,708,932	-1,708,932
Contributions towards expenditure	-2,974,257	-2,996,641
Interest on HRA investments	-74,000	-54,000
Total Income	-92,554,076	-93,947,108
Deficit / Surplus (-)	630,518	2,840,463
Balance Brought Forward 1 st April	-10,123,119	-12,550,095
Balance Carried Forward 31st March	-9,492,601	-9,709,632

Section 2

The Capital Programme

The Council operates a rolling 5 year Capital Programme which is continuously monitored. The programme of works planned for 2015/16 amount to some £95.4m. The following shows how the £95.4m is funded and provides an analysis of the major schemes.

Where the money comes from	Total £000s	%
Borrowing	33,887	36
Grants & Contributions	28,710	30
Revenue	19,103	20
Capital Receipts	9,773	10
HRA – Major Repairs Allowance	4,000	4
Total	95,473	100



Borrowing

Government departments provide support for capital expenditure as capital grants to directly support capital expenditure or through revenue 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 2015/16 include:

		£000s
People Services	Basic Needs – Extensions to Schools	9,814
	Capital Maintenance Funding	2,937
	Standards Fund – Community/Voluntary Controlled	754
Places Services	A49 Link Road	13,475
	Structural Maintenance Roads & Bridges	2,702
	LED Lighting Saving Scheme	4,000
	Vehicle Replacement Programme	2,000
Housing	Achieving Decent Homes	20,500
	Affordable Housing	14,300

Section 3

The Medium Term Financial Plan

This plan sets the Council's Medium Term Financial Strategy for 2015/16 – 2017/18 and highlights a number of key pressures the Council is likely to face over that period. The strategy is based upon the Local Government Financial Settlement information relating to 2015/16 as well as various other government announcements from the Coalition Government regarding the medium term prospects for local government.

Whilst the economy is continuing to show signs of recovery, with economic growth and reductions in unemployment occurring month on month the government is behind on its original targets on debt reduction. This means continuing "austerity" with the major parties signing up to the already agreed national spending plans up to 2016/17.

Locally, the council has successfully met the financial challenges by taking decisions early to ensure the financial health of the council. In addition, the transformation plans and evolving corporate strategy and developments such as the Deal means the council has a sound financial basis for taking up the challenge of further cuts in public spending. The council can also point to investments undertaken during this period of austerity in spite of the pressures. These have included apprenticeships programme to tackle youth unemployment, creating a community investment fund to encourage the sustainable development of local charities and investing in local road safety with the 20mph limit programme and tackling potholes. These were possible because savings were made early and quickly.

The production of a MTFP is dynamic and known changes are reflected as soon as they are quantifiable. However there remain a number of risks where it is extremely difficult to estimate the impact upon the Council. Risks of this nature are not provided for in the current plan but the most significant are listed below: -

- The impact of the Care Act on social care costs.
- Demographic pressures are felt to continue year on year.
- Deprivation of Liberty.
- Potential claims could impact financially upon the council.
- The conversion of schools to academy status continues to have a financial impact on cyps budgets which will need to be managed.
- The rights of 18+ young people to "stay put" with their foster carers will put upwards pressure on budgets.
- Continuing volatility of the looked after children budget as a result of safeguarding issues.
- Market tolls continue to reduce as occupancy levels have dropped.
- The future levels of external government support included within the MTFP are based on an analysis of intelligence available rather than firm figures supplied by the CLG.

Ultimately the Council militates against these risks by retaining adequate reserves and balances.

Medium Term Financial Strategy 2015/16 to 2017/18	Estimate 2015/16 £000s	Estimate 2016/17 £000s	Estimate 2017/18 £000s
Overall Costs			
Previous Year's Net Budget Requirement (adjusted for any balance transfers)	236,984	223,324	208,665
Inflationary Uplift	3,920	7,874	5,911
Other Growth and Savings – variation to Budgets	- 17,154	- 22,533	- 15,211
Health Adult Social Care	- 1,500	0	0
Transfer to / from (-) Balances	1,074	0	0
Revised Budget	223,324	208,665	199,365
Funded by:			
Business Rates & Grant Income	121,904	107,062	97,762
Council Tax	101,603	101,603	101,603
Section 31 & Collection Fund Deficit (-)	- 183	0	0
Total External Revenue Funding	223,324	208,665	199,365
Council Tax (Band D equivalent £)	£1,192.14	£1,192.14	£1,192.14
Savings Required			
Total savings required with above inflation and CT assumptions (£'000)	12,115	18,066	16,105
Proportion of Revised Budget (%)	-5.4%	-8.7%	-8.1%
Revenue Balances Position – anticipated starting point	14,864	15,938	15,938
Flowing into balances: benefit of accelerated savings delivery / use for revenue	1,074	0	0
Revenue Balances Position – at end of year	15,938	15,938	