
Foreword from the Deputy Chief Executive

Wigan has a population of 320,000 and is the ninth largest metropolitan Authority in England and the second largest in Greater Manchester. Wigan occupies an enviable position, lying between Manchester and Liverpool. The area it covers is still 70% countryside with its “greenheart” covering some 77 square miles, including stunning parks, woodlands, wetlands and green spaces. This combined with its rich sporting heritage makes Wigan an excellent place to live and to locate your business.

What follows is a brief summary of the financial plan for the Council.

The Financial Plan is divided into four sections. Section 1 provides information on The Deal for the Future which is the Council’s vision for 2020. Section 2 provides an overview of the revenue budget and contains details of the budget process. Section 3 sets out the Council’s capital plans and section 4 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 budget monitoring statements to Assistant Directors and quarterly budget monitoring reports to Cabinet. This process allows early recognition of budgetary problems so that early action may be taken to correct potential under-achievements.

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 to meet the competing demands of the services.

My thanks go to my dedicated team of finance staff who have worked hard to produce the budget for 2016/17, and to colleagues in other departments who have helped in the process.

Paul McKevitt, BA (Hons), ACMA, CGMA

Section 1

The Deal

Five years ago in 2010, Wigan Council received the biggest budget cut in its history. This cut was the third worst for any local authority, according to the Institute of Fiscal Studies. Over that time the council, in partnership with the people of the borough, has worked hard to change how it delivers services to our communities.

The Deal was launched in 2014. It is an informal agreement between the Council and everyone who lives or works in Wigan to work together to create a better borough. We have committed to a series of pledges and in return need residents and business to play their part too.

The Deal for the Future sets out the vision for 2020 of a Confident Place with Confident People. This strategy outlines what the future council will look like and our approach to meeting the challenges ahead, whilst recognising that we can only make real change by working closely with our partners. We have been consulting on the strategy, providing the opportunity for residents, staff, businesses and other stakeholders to express their views. We have responded to these by setting our priorities for the future and have reflected these in the Medium Term Financial Plan.

A key component of the strategy is the further roll out of the Deal which supports everything we do. The Deal is about all services in the council and all residents of the borough. It is about beliefs and a culture change and way of working that reflects everything that we do. Fundamentally, it signals a positive approach for individuals and communities that encourages self-reliance and independence through an equal partnership.

The principles of the Deal are:

- A new relationship between public services and citizens that enables shared decision making, genuine co-production and joint delivery of services.
 - An asset based approach that recognises and builds on the strengths of individuals, families and our communities.
 - Integrated services that place families and communities at the heart of everything.
 - An engaged workforce with core behaviours and values; be positive, be courageous and be accountable.
 - Confident communities where everyone does their bit.
 - Use of new technology to support residents to be independent and in control, enabling them to be able to access services and support digitally.
 - An evidence based understanding of risk and impact to target services effectively and ensure the right intervention at the right time.
 - Building self-reliance and independence resulting in behaviour change and reduced demand for services.
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The Deal is underpinned by the BeWigan behaviours; be positive, be courageous, be accountable. These are the core behaviours that define how we work in Wigan. It's not just about what we achieve; it's also about how we do it. These behaviours create a shared culture that celebrates our fresh and unique approach to public service, our successes and achievements, and sets out how we expect our workforce to behave.

The Deal for the Future will provide the platform for the Council to transform and continue to provide quality services and support to its residents. The Council will continue to manage its budget by transforming rather than cutting front line services. We will achieve this vision through two key pillars of work:

- Growth: Wigan is a place where people want to invest, live, work and visit.
- Reform: Improving life opportunities and independence for everyone to start well, live well and age well.

These two key pillars are supported by a series of enabling programmes, ensuring that our services are evidence-based, efficient, delivered by an engaged workforce and supported by new technology.

Through 'The Deal' we have saved more than £100m while at the same time transformed services. The vulnerable such as the elderly and disabled people have benefitted from the improved services provided by The Deal. There have been some positive changes in our borough:

- Wigan has seen the second best improvement relative to other Greater Manchester authorities when it comes to reducing deprivation, according to the government's indices of deprivation.
 - There has been a significant increase in healthy life expectancy, a measure that where people judge themselves to have good health. This has increased by three years to 62.5 for women and in men there has been a rise of 18 months to 61.1. This is the highest increase when comparing to other councils of a similar size.
 - 90% of our schools were judged as good and outstanding in 2015, a further increase on the previous year.
 - Since 2010 there are now fewer children living in poverty
 - There has been a 50 per cent increase in resident satisfaction with the council
 - As a council we have been recognised by Best Companies as one of the 100 best not-for-profit organisations to work for in the UK following the results of an independent staff survey.
 - We were a finalist in the "Best Achieving Council" category in the Municipal Journal awards
 - We continued our community investment fund for another year, resulting in £5m invested in the community since 2013
 - We have played a pivotal role in striking Manchester's devolution deal.
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As our part of The Deal, Wigan Council has been able to freeze Council Tax for the last 3 years despite the budget cuts. We recognise that residents have also been facing a period of austerity and the freeze on Council Tax has helped all residents.

The Deal will continue to be our overarching strategy and our commitment to working with residents. We will continue to deliver the Deal in Action, a rolling programme of engagement, to different parts of the borough throughout 2016/17.

Section 2

The Revenue Budget

It has been estimated that in order to set a balanced budget over the four years of the Medium Term Financial Plan, the Council is required to deliver £60m in savings, including £15.5m in 2016/17.

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

- The stated aim of government to remove Revenue Support Grant over the life of the Parliament will eradicate settlements based upon need and leave council's dependent on their area's ability to provide council tax and business rates to sustain their own spending.

The collection fund has been put under pressure in the current year as a result of a significant increase in the volume of appeals being lodged with the Council and subsequent increase in the number of successful appeals. There will undoubtedly be further pressure on business rates for some time as a result of the appeals process.

- From 2016/17, Greater Manchester Devolution will result in a GM Strategic Plan for Health and Social Care Reform and 10 Locality Plans. This will pool together a much wider area of spend than the Better Care Fund currently covers with the Locality Plan for Wigan including Adults Social Care, Public Health, a proportion of Leisure and Housing budgets and Health. It is expected this would not directly affect the council's budget framework but in due course closer integration may drive change.
 - The Government funding settlement has resulted in a number of specific grants being "rolled into" the overall grant received from government. The risk to the council of this approach is that the overall quantum of grant may then be reduced arbitrarily in future.
 - The Council and Wigan Clinical Commissioning Group (CCG) are working closely together with a shared objective of alleviating health and social care pressure.
 - Deprivation of Liberty Standards (DoLS) emerged in 2014/15 following a Supreme Court ruling and with a net call on the council of £0.5m in 2015/16, this will continue to have future implications.
 - In 2015/16 the Government introduced in-year cuts of £1.6m to the Public Health grants, this has continued into 2016/17. This is extremely challenging given that the full allocation of £23.7m has already been fully committed.
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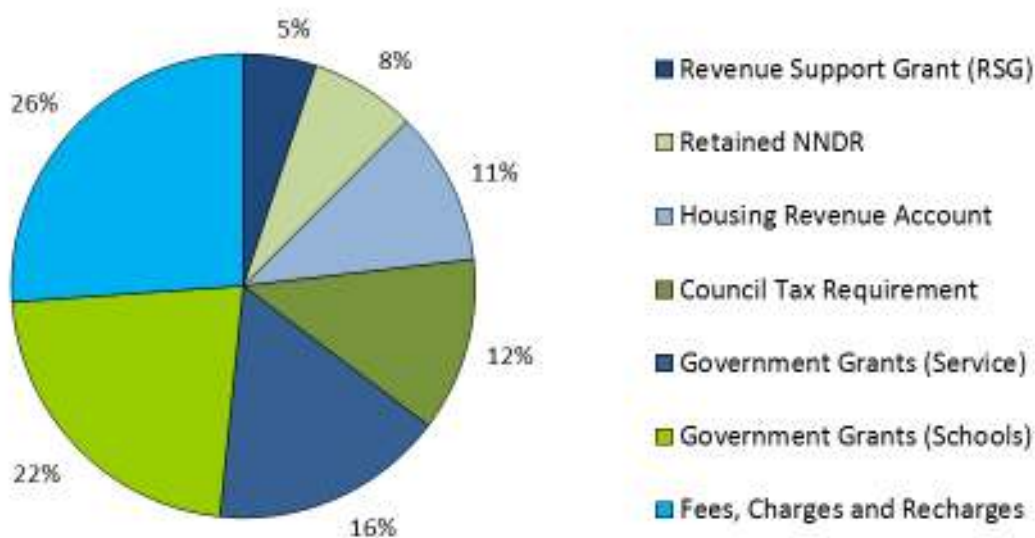
As far as 2016/17 budgets and beyond are concerned, directorates will plan and contain pressures within the areas that they service, with the exception of the Adult Social Care directorate where some of the pressures will be met by the increase in Council Tax introduced by the Government in an attempt to alleviate some of the Adult Social Care pressures.

The Deal for the Future will provide the platform for the Council to transform and continue to provide quality services and support to its residents in a financially contracting organisation. The Council has responded well to the difficult settlements of recent years and will continue to manage its budgets by transforming rather than cutting front line services.

Where the money comes from

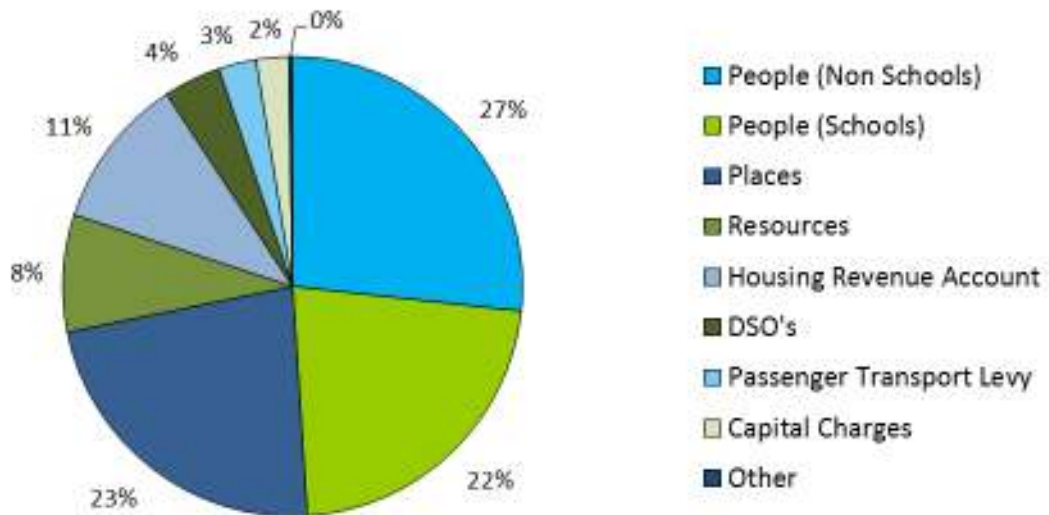
The Council funds its services from a number of sources. The main funding streams that the Council receives are shown here:

	£000s
Revenue Support Grant (RSG)	43,987
Retained NNDR	63,885
Housing Revenue Account	92,669
Council Tax Requirement	104,479
Government Grants (Service)	141,363
Government Grants (Schools)	192,657
Fees, Charges and Recharges	225,882
Total	864,922



What Wigan Council Spends the money on

	£000s
People (Non Schools)	228,903
People (Schools)	192,657
Places	199,582
Resources	71,268
Housing Revenue Account	92,669
Internal Direct Service Organisations (DSO)	34,896
Passenger Transport Levy	22,917
Capital Charges	19,717
Other	2,313
Total	864,922



Council Tax

The Council took the decision to freeze its general Council Tax for 2016/17 and raising Council Tax by 2% in line with Government policy to provide additional funding for Adult Social Care Pressures in 2016/17.

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.

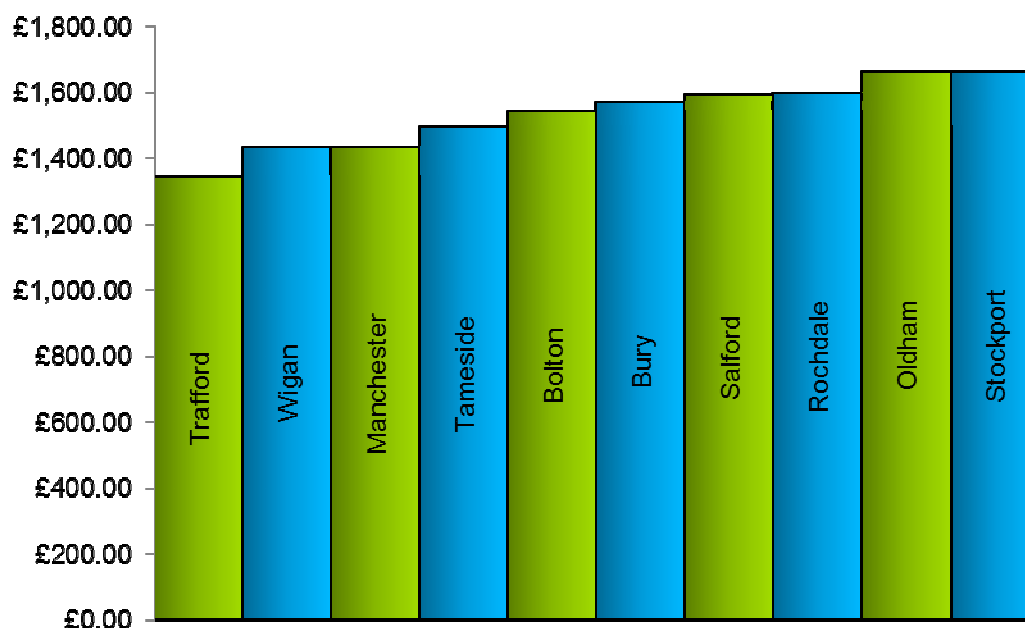
The Council Tax for a property consists of a number of components for the various services provided to the household. The total Council Tax consists of an element for Wigan Council and amounts for the Police and the Fire and Rescue authorities (known as precepting authorities).

	Total £000s	Band D Equivalent £
Wigan Council Net Budget Requirement	212,426	2,472.34
Less: Revenue Support Grant	- 43,987	- 511.95
Retained NNDR	- 63,885	- 743.53
S31 Grants	- 2,388	- 27.80
Add: Loss on Collection Fund	2,313	26.92
Wigan Council element of Council Tax	104,479	1,215.98
Add: Gtr Manchester Police Authority	13,515	157.30
Gtr Manchester Fire & Rescue Authority	5,050	58.78
Total Council Tax	123,044	1,432.06

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	954.70	67,201
B	£40,001 to £52,000	1,113.81	31,362
C	£52,001 to £68,000	1,272.93	23,342
D	£68,001 to £88,000	1,432.06	11,768
E	£88,001 to £120,000	1,750.29	5,765
F	£120,001 to £160,000	2,068.52	1,842
G	£160,001 to £320,000	2,386.76	624
H	Exceeding £320,000	2,864.12	53

This graph compares Wigan's total Band D Council Tax for 2016/17 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	2015/16 estimate £	2016/17 estimate £
Employees	201,377,765	202,189,430
Premises related expenses	15,029,101	12,862,381
Transport related expenses	3,304,688	2,949,566
Supplies and services	24,632,634	22,803,037
Third party payments	142,274,842	147,352,441
Transfer payments	12,877,943	12,882,190
Support services	16,019,226	14,625,597
Capital charges	5,798,377	5,894,891
Total expenditure	421,314,576	421,559,533
Grants and contributions	-268,265,863	-269,826,229
Rents/fees	-20,675,528	-23,638,651
Recharges	-6,267,254	-6,140,186
Contribution from reserves	-592,835	0
Total income	-295,801,480	-299,605,066
Total net expenditure	125,513,096	121,954,467

Places Directorate

Expenditure and Income	2015/16 estimate £	2016/17 estimate £
Employees	21,571,713	26,554,469
Premises related expenses	4,923,924	5,425,177
Transport related expenses	6,699,387	7,258,563
Supplies and services	4,041,603	3,844,220
Third party payments	25,563,209	22,552,073
Transfer payments	107,685,000	99,267,213
Support services	15,478,363	14,416,779
Capital charges	9,518,746	20,263,295
Total expenditure	195,481,945	199,581,789
Grants and contributions	-110,783,559	-103,222,950
Rents/fees	-11,408,584	-15,619,843
Recharges	-14,506,343	-13,335,737
Contribution from reserves	-350,606	-1,293,876
Total income	-137,049,092	-133,472,406
Total net expenditure	58,432,853	66,109,383

Resources Directorate

Expenditure and Income	2015/16 estimate £	2016/17 estimate £
Employees	28,615,388	28,250,535
Premises related expenses	5,722,273	6,633,141
Transport related expenses	196,770	177,088
Supplies and services	22,288,580	19,830,415
Third party payments	3,774,342	3,827,742
Support services	11,245,655	10,972,730
Capital charges	1,420,666	1,577,212
Total expenditure	73,263,674	71,268,863
Grants and contributions	-9,865,166	-11,184,997
Rents/fees	-5,898,919	-5,655,132
Recharges	-40,671,896	-40,753,054
Contributions from reserves	-1,419,240	-1,493,095
Total income	-57,855,221	-59,086,278
Total net expenditure	15,408,453	12,182,585

Housing Revenue Account (HRA)

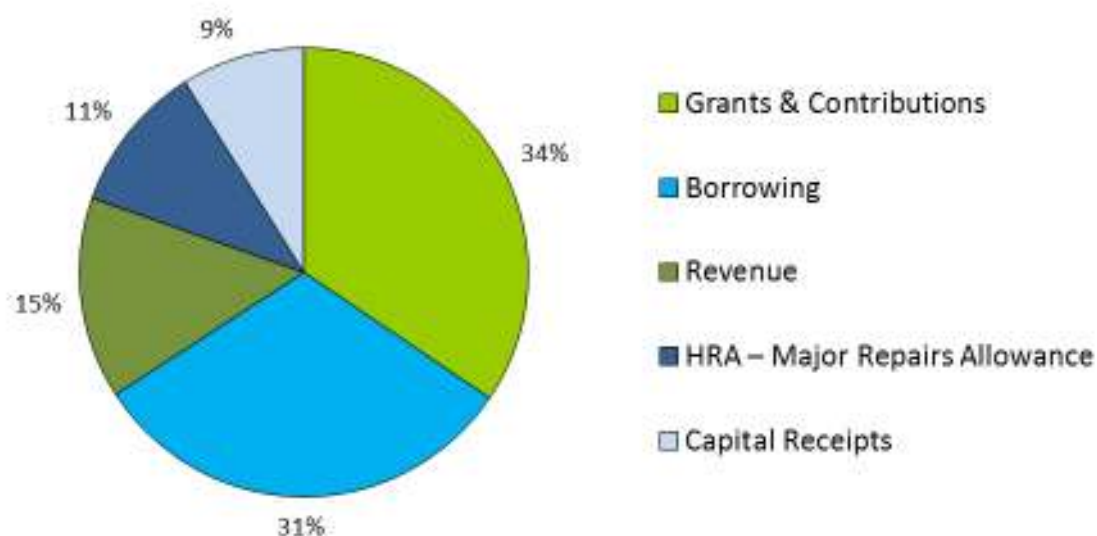
Expenditure and Income	2015/16 estimate £	2016/17 estimate £
Repairs & Maintenance	25,968,860	26,860,000
Supervision & Management	13,014,499	13,158,220
Special Services	5,597,585	5,507,490
Rents, Rates & Other Charges	1,689,375	1,523,375
Interest Charges	16,449,000	15,297,000
Debt Repayment & Non interest costs	21,630,252	21,495,867
HRA Capital Expenditure	9,681,000	9,377,000
Debt Management Costs	100,000	100,000
Provision for Bad Debts	2,657,000	2,619,000
Total Expenditure	96,787,571	95,937,952
Dwelling Rents	-88,553,146	-87,311,375
Non Dwelling Rents	-634,389	-619,000
Charges to Tenants, Leaseholders & Others	-1,708,932	-1,509,932
Contributions towards expenditure	-2,996,641	-3,160,466
Interest on HRA investments	-54,000	-69,000
Total Income	-93,947,108	-92,669,773
Deficit / Surplus (-)	2,840,463	3,268,179
Balance Brought Forward 1 st April	-12,550,095	-15,511,713
Balance Carried Forward 31st March	-9,709,632	-12,243,534

Section 3

The Capital Programme

The Council operates a rolling 5 year Capital Programme which is continuously monitored. The programme of works planned for 2016/17 amount to some £102.5m. The following shows how the £102.5m is funded and provides an analysis of the major schemes.

Where the money comes from	Total £000s	%
Grants & Contributions	35,319	34
Borrowing	32,155	31
Revenue	14,883	15
HRA – Major Repairs Allowance	11,000	11
Capital Receipts	9,121	9
Total	102,478	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 2016/17 include:

		Estimated Spend 2016/17 £000s
People Services	Basic Needs – Extensions to Schools	8,183
	Capital Maintenance Funding	3,541
	Standards Fund – Community/Voluntary Controlled	1,400
Places Services	A49 Link Road	12,365
	Structural Maintenance - Roads & Bridges	3,445
	LED Lighting Saving Scheme	4,000
	Vehicle Replacement Programme	2,000
	M58 Link Road	1,000
Housing	Achieving Decent Homes	19,400
	Affordable Housing	15,570

Section 4

The Medium Term Financial Plan

This plan sets the Council's Medium Term Financial Strategy for 2016/17 – 2019/20 and highlights a number of key pressures the Council is likely to face over that period. It has been clear for some time that local government generally would continue to bear a high level of the national austerity cuts and Wigan has suffered disproportionately since 2010, because it has traditionally depended heavily on external government support to meet its needs.

The Council has successfully met the financial challenges to date by taking decisions early which have ensured that the Council has remained in a sustainable position whilst continuing to deliver vital front line services. To ensure the continuation of this position The Deal for the Future Strategy has been developed, which will radically change and transform how we the Council operate and provide services in the future. The Council can also point towards investments undertaken during this period of austerity. These include apprenticeship partnerships to tackle youth unemployment and the creation of the community investment fund to support and sustainably develop local charities. These initiatives were made possible by the quick action taken which released cash to support these measures.

Despite these achievements, clear challenges remain both locally and nationally:

- The increase in life expectancy is positive but will result in increased demand for services from an aging population.
- There continue to be adults of working age trapped in chaotic lifestyles and dependent on a number of services.
- Currently 36 per cent of children in Wigan Borough are not prepared or 'school ready' when they reach 5 years old. In some areas this raises to 80 per cent, resulting in a potential lifetime of disadvantage.
- National changes through welfare reform continue to impact on our residents and communities.
- The Living Wage will exert pressure on, in particular, Adult Social Care budgets via the payments to care providers.
- The government has announced an Apprenticeship levy which will cost approximately £0.5m from 2016/17.

There is no let up in the view that the overall position will remain challenging in financial terms for Local Government. The level of public sector debt remains a key priority for the Government and it has re-affirmed the continuation of its plans to reduce the deficit. What this means is a further 4 years of austerity measures.

Medium Term Financial Strategy 2016/17 to 2019/20	Estimate 2016/17 £000s	Estimate 2017/18 £000s	Estimate 2018/19 £000s	Estimate 2019/20 £000s
Overall Costs				
Previous Year's Net Budget Requirement (adjusted for any balance transfers)	245,586	237,294	229,302	225,333
Inflationary Uplift	4,555	3,604	5,187	5,317
Other Growth and Savings – variation to Budgets	- 14,895	- 13,686	- 11,288	- 11,247
Health Adult Social Care	2,048	2,090	2,132	2,174
Revised Budget	237,294	229,302	225,333	221,577
Funded by:				
Business Rates & Grant Income	132,816	122,734	116,634	100,704
Council Tax	104,478	106,568	108,699	110,873
Total External Revenue Funding	237,294	229,302	225,333	221,577
Council Tax (Band D equivalent £)	£1,215.98	£1,240.30	£1,265.11	£1,290.41
Savings Required				
Total savings required with above inflation and CT assumptions (£'000)	15,515	24,711	10,781	8,993
Proportion of Revised Budget (%)	-6.5%	-10.8%	-4.8%	4.1%
Revenue Balances Position – anticipated starting point	15,359	15,359	15,359	15,359
Flowing into balances: benefit of accelerated savings delivery / use for revenue	0	0	0	0
Revenue Balances Position – at end of year	15,359	15,359	15,359	15,359