
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 £865 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 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 2014/15.

My thanks go to my dedicated team of finance staff who have worked hard to produce the budget for 2014/15, 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 £41m in savings, including £14m in 2014/15.

There are a number of risks within the budget. The most significant are discussed below:

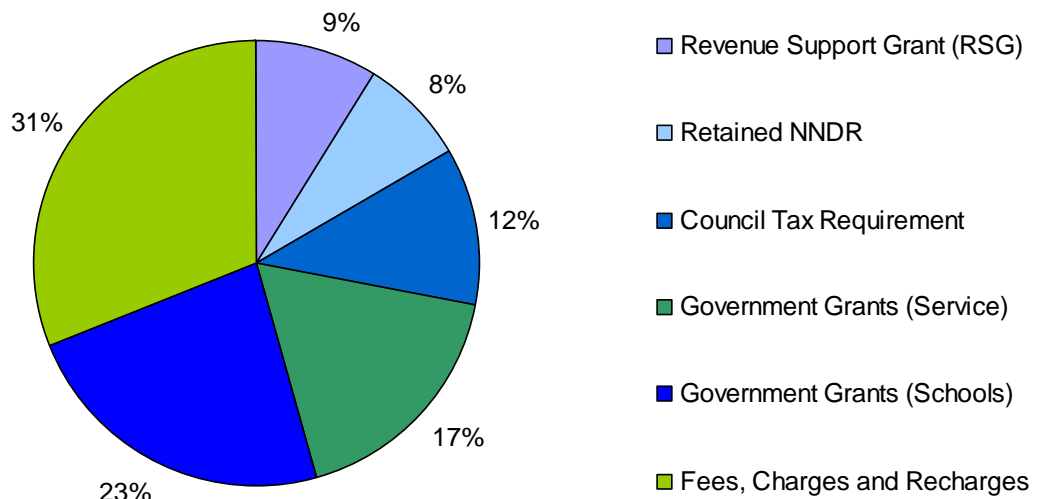
- The future costs of Adult Social Care. Particularly the impact of the demographic pressures. The ageing population in the region is anticipated to be higher than the national average. There are also concerns around the anticipated cost pressures within the local care home market.
- There is now greater clarity around the Better Care Fund that will transfer to the Council from Health England and the Wigan Clinical Commissioning Group (CCG) in 2015. We have been working with Health colleagues to come to a joint arrangement about the funding. Once existing commitments relating to pre-2015 grants and earmarked funding has been taken into account approximately £8-9m will be available to be utilised in support of an agreed approach to joint investment bids. We are looking to extend this collaborative approach further through joint investment in the CCG's programme on Out of Hospital Care.
- 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 2013/14 efficiency target of £18.8m and has shown itself able to react to those difficult times.

Where the money comes from

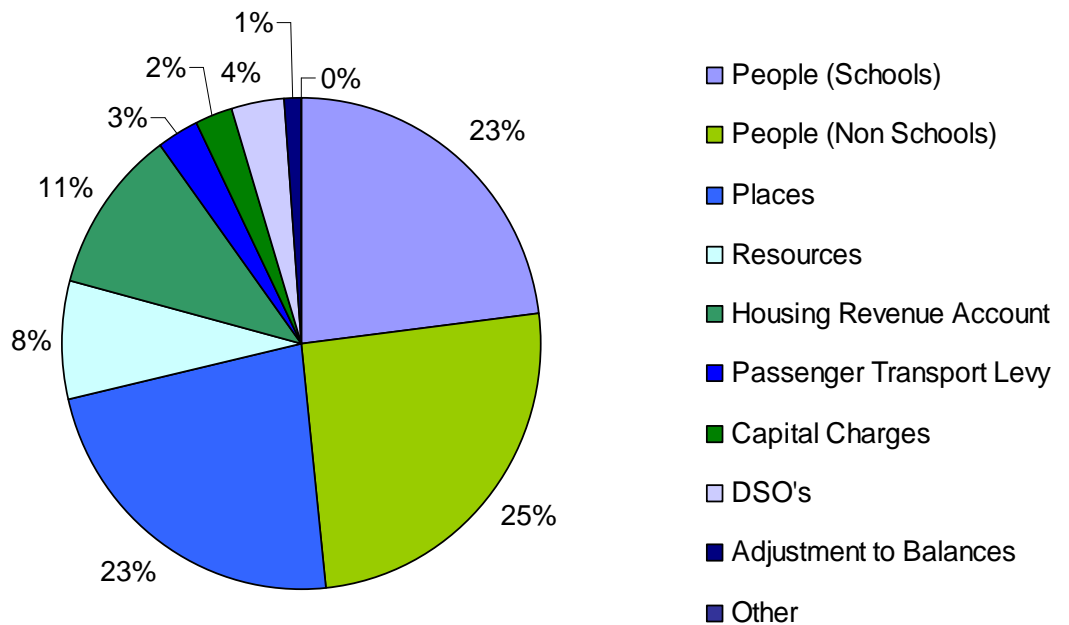
The Council funds its services from a number of sources. The main funding streams that the Council receives are shown here:

	£000s
Revenue Support Grant (RSG)	76,953
Retained NNDR	66,869
Council Tax Requirement	100,057
Government Grants (Service)	150,663
Government Grants (Schools)	200,435
Fees, Charges and Recharges	270,338
Total	865,315



What Wigan Council Spends the money on

	£000s
People (Schools)	200,435
People (Non Schools)	218,219
Places	199,273
Resources	67,961
Housing Revenue Account	93,184
Passenger Transport Levy	23,361
Capital Charges	21,234
Internal Direct Service Organisations (DSO)	32,898
Adjustment to Balances	8,322
Other	428
Total	865,315



Council Tax

The Council took the decision to freeze its Council Tax for 2014/15 and receive the £1.06m 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.

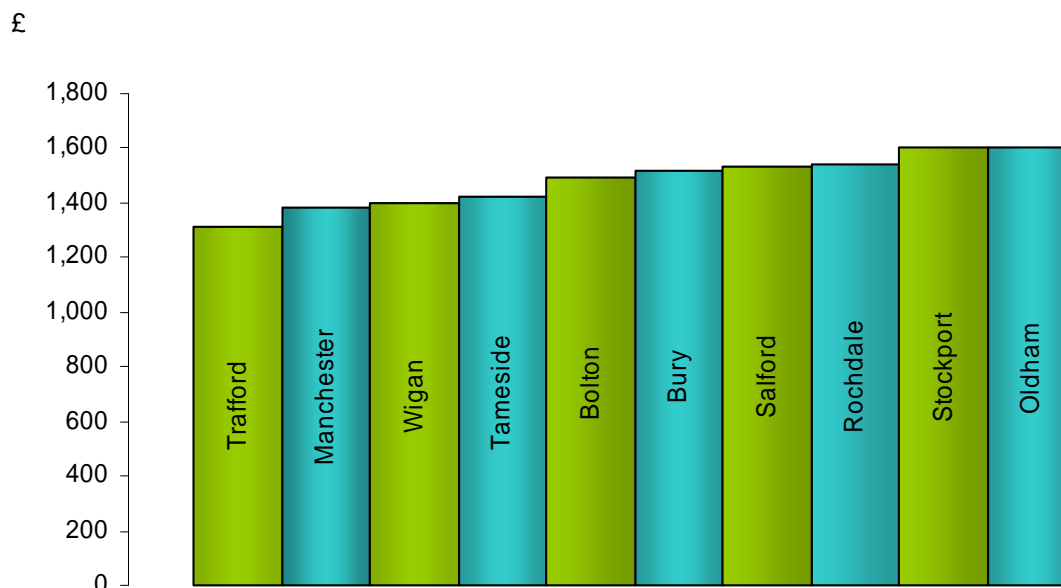
The Council Tax for a property consists of a number of components for the various services provided to the household. The total Council Tax consists of an element for Wigan Council and amounts for the Police and the Fire and Rescue authorities (known as precepting authorities).

	Total £000s	Band D Equivalent £
Wigan Council Net Budget Requirement	245,457	2,926.60
Less: Revenue Support Grant	- 76,953	- 917.52
Retained NNDR	- 66,869	- 797.29
S31 Grants	- 1,858	- 22.15
Add: Loss on Collection Fund	209	2.50
Wigan Council element of Council Tax	99,986	1192.14
Add: Gtr Manchester Police Authority	12,774	152.30
Gtr Manchester Fire & Rescue Authority	4,834	57.64
Total Council Tax	117,594	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	66,920
B	£40,001 to £52,000	1,090.51	31,173
C	£52,001 to £68,000	1,246.29	23,121
D	£68,001 to £88,000	1,402.08	11,604
E	£88,001 to £120,000	1,713.64	5,669
F	£120,001 to £160,000	2,025.22	1,791
G	£160,001 to £320,000	2,336.79	595
H	Exceeding £320,000	2,804.16	53

This graph compares Wigan's total Band D Council Tax for 2014/15 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	2013/14 estimate £	2014/15 estimate £
Employees	212,930,834	203,136,732
Premises related expenses	16,534,455	16,031,858
Transport related expenses	4,271,971	3,754,981
Supplies and services	25,955,125	26,073,208
Third party payments	115,564,737	123,469,713
Transfer payments	8,649,522	9,942,085
Support services	32,186,822	33,056,178
Capital charges	7,507,062	3,190,305
Total expenditure	423,600,528	418,655,060
Grants and contributions	-238,678,983	-243,119,611
Rents/fees	-20,435,227	-20,020,082
Recharges	-23,274,954	-23,145,052
Contribution from Reserves	0	
Total income	-282,389,164	-286,284,745
Total net expenditure	141,211,364	132,370,315

Places Directorate

Expenditure and Income	2013/14 estimate £	2014/15 estimate £
Employees	20,876,443	21,580,003
Premises related expenses	3,717,869	4,735,572
Transport related expenses	7,225,730	6,897,961
Supplies and services	4,019,740	4,263,774
Third party payments	29,246,232	29,846,954
Transfer payments	98,363,059	108,026,000
Support services	13,469,262	14,783,848
Capital charges	11,396,234	9,139,401
Total expenditure	188,314,569	199,273,513
Grants and contributions	-100,039,395	-110,233,574
Rents/fees	-11,416,145	-11,352,431
Recharges	-11,518,395	-14,091,250
Contribution from Reserves	-32,565	-32,565
Total income	-123,006,500	-135,709,820
Total net expenditure	65,308,069	63,563,693

Resources Directorate

Expenditure and Income	2013/14 estimate £	2014/15 estimate £
Employees	23,009,973	24,784,832
Premises related expenses	5,830,675	4,547,078
Transport related expenses	262,301	185,991
Supplies and services	21,077,555	22,319,784
Third party payments	2,929,686	3,688,211
Transfer payments	0	0
Support services	11,429,576	10,872,265
Capital charges	1,623,290	1,563,098
Total expenditure	66,163,056	67,961,259
Grants and contributions	-9,563,001	-9,056,337
Rents/fees	-5,411,281	-4,581,935
Recharges	-38,127,114	-38,960,433
Total income	-53,101,396	-52,598,705
Total net expenditure	13,061,660	15,362,554

Housing Revenue Account (HRA)

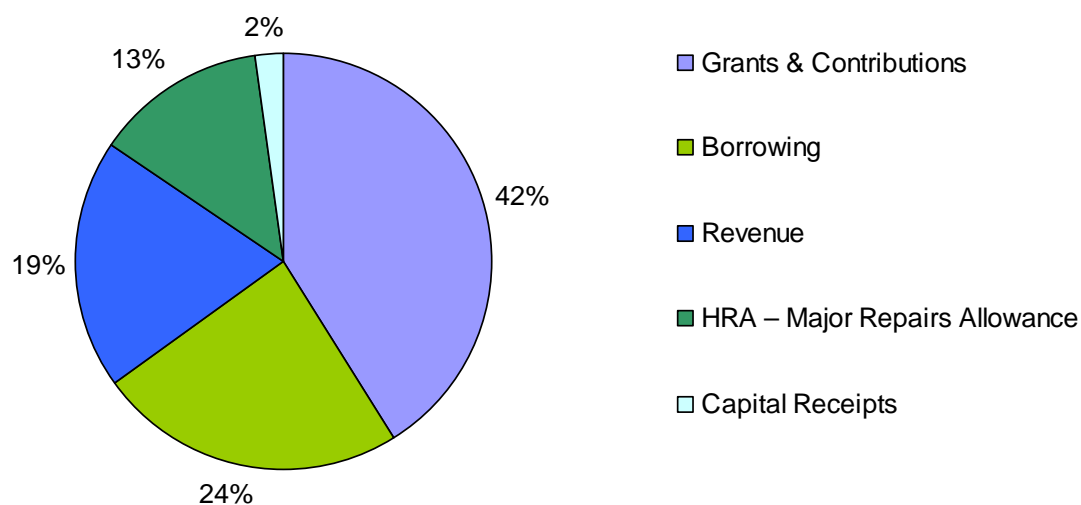
Expenditure and Income	2013/14 estimate £	2014/15 estimate £
Repairs & Maintenance	23,300,000	23,691,000
Supervision & Management	13,792,341	13,273,500
Special Services	4,120,475	5,473,437
Rents, Rates & Other Charges	888,275	1,137,968
Interest Charges	18,400,000	18,052,801
Debt Repayment & Non interest costs	21,250,102	21,677,888
HRA Capital Expenditure	1,400,000	6,727,000
Debt Management Costs	100,000	100,000
Provision for Bad Debts	1,695,000	3,051,000
Total Expenditure	84,946,193	93,184,594
Dwelling Rents	-83,897,000	-87,176,154
Non Dwelling Rents	-587,815	-620,733
Charges to Tenants, Leaseholders & Others	-1,645,472	-1,708,932
Contributions towards expenditure	-2,577,067	-2,974,257
Interest on HRA investments	-100,000	-74,000
Total Income	-88,807,354	-92,554,076
Deficit / Surplus (-)	-3,861,161	630,518
Balance Brought Forward 1 st April	-10,175,835	-10,123,119
Balance Carried Forward 31st March	-14,036,996	-9,492,601

Section 2

The Capital Programme

The Council operates a rolling 5 year Capital Programme which is continuously monitored. The programme of works planned for 2014/15 amount to some £89.4m. The following shows how the £89.4m is funded and provides an analysis of the major schemes.

Where the money comes from	Total £000s	%
Grants & Contributions	36,745	42
Borrowing	21,471	24
Revenue	17,330	19
HRA – Major Repairs Allowance	12,020	13
Capital Receipts	1,888	2
Total	89,454	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 2014/15 include:

		£000s
People Services	Basic Needs – extensions to schools	11,489
	Capital Maintenance Funding	5,681
	Standards Fund – Community/Voluntary Controlled	1,527
Places Services	Leigh, Salford & Manchester Busway	4,436
	Structural Maintenance Roads & Bridges	6,115
	LED Lighting Saving Scheme	3,800
	Vehicle Replacement Programme	2,000
Housing	Achieving Decent Homes	20,188
	Affordable Housing	9,827

Section 3

The Medium Term Financial Plan

This plan covers the period of the last full year of the Coalition Government's austerity measures and the first 2 years of a new administration from May 2015. All the economic, demographic and political signals are that the overall position will remain severely challenging in financial terms. Whilst the economy continues to show signs of recovery many commentators see this as a fragile recovery which could be blown off course. Significantly the Coalition Government is behind its original targets on debt reduction and this continues to impact on Local Government which nationally has delivered its spending reduction targets

Members will be aware that tough decisions taken in 2010 and the delivery of our savings targets year on year have ensured that the Council has remained in a sustainable position whilst continuing to deliver vital front line services. This proactive approach has provided the opportunity to invest in some key Council priorities as savings have continued to be delivered in a timely manner; most notably the extension of the Community Investment Fund which is integral to the transformation of the Council as part of the Wigan Deal.

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 the Peoples Directorate 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:

- Changes to funding on care services
- CYPS
- Adverse changes to Insurance claims
- Localisation of council tax benefit and its longer term effects
- Localisation of Business Rates and its longer term effects
- Demographic change in the Borough
- Procurement of the waste collection and disposal

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 2014/15 to 2016/17	Estimate 2014/15 £000s	Estimate 2015/16 £000s	Estimate 2016/17 £000s
Overall Costs			
Previous Year's Net Budget Requirement (adjusted for any balance transfers)	240,574	237,134	218,685
Inflationary Uplift	6,252	6,204	6,140
Other Growth and Savings – variation to Budgets	-9,692	-23,152	-12,481
Health Adult Social Care	0	-1,500	0
Transfer to / from (-) Balances	8,323	2,588	0
Revised Budget	245,457	221,274	212,344
Funded by:			
Grant Income	145,471	119,289	108,319
Council Tax	99,986	101,985	104,025
Total External Revenue Funding	245,457	221,274	212,344
Council Tax (Band D equivalent £)	£1,192.14	£1,215.98	£1,240.30
Savings Required			
Total savings required with above inflation and CT assumptions (£'000)	14,000	14,000	13,000
Proportion of Revised Budget (%)	-5.2%	-5.7%	-5.5%
Revenue Balances Position – anticipated starting point	14,389	22,712	25,301
Flowing into balances: benefit of accelerated savings delivery / use for revenue	8,323	2,589	0
Use to support major project procurement	0	0	0
Revenue Balances Position – at end of year	22,712	25,301	25,301