

## **WIRRAL COUNCIL**

### **FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE**

**13 NOVEMBER 2007**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **FINANCE DEPARTMENT - PROJECTED BUDGET 2008-2011**

## **1. EXECUTIVE SUMMARY**

- 1.1 This report informs Members of the Projected Budget for 2008-2011. It outlines the key financial changes to the Finance Department budget. It is the departmental version of a report that Cabinet will consider on the overall Council budget.
- 1.2 Members are asked to endorse the proposals for 2008-2011 and refer them to the Budget Cabinet meeting on 21 February 2008.

## **2. INTRODUCTION**

- 2.1. The Council agreed the Medium Term Financial Strategy on 6 September 2007. This sets a financial strategic overview for the period 2008-11. Services need to be financed within the funds that are available. It details the major financial challenge facing the Council as the need to bridge the gap between spending and the resources that are available. The budget setting process is the means by which these longer term financial plans are turned into the annual base budget.
- 2.2 Projected budgets for a three year period are detailed. This is to coincide with the period of the Comprehensive Spending Review 2007 (CSR). The Department for Communities and Local Government (DCLG) has stated that following the CSR the Local Government Finance Settlement will cover the period from 2008 to 2011 and that Local Authorities will be expected to budget on a 3 year period. In order to move towards this requirement this report outlines indicative budgets for the years 2009 to 2011. The Council will be expected to set the budget for the first year of this period, 2008/09 publishing planned departmental budgets for the following two years.
- 2.3 Due to the budget challenge facing the Council this report presents to this committee the projected budget earlier than has been the practice in previous years. This is to allow Members sufficient time in the budget setting process to consider the base estimate for 2008-09. The format focuses on the key financial changes that will impact on the Finance Department budget. Further details of these are contained in section 3.

### 3. PROJECTED BUDGET 2008/09-2010/11

3.1 The Medium Term Financial Strategy was agreed by the Cabinet on 6 September 2007. This strategy covered:

- o Resource issues and principles that shape the Council Budget
- o Allocation of Resources to priorities
- o Current issues and potential developments that provided the basis for the revenue and capital budgets for 2008/09 -2010/11

3.2 The Projected Budget 2008/09-2010/11 is detailed at appendix 1 and includes the items that are detailed in the following paragraphs.

#### 3.3 Inflation

3.3.1 Provision is included for pay at 2% and income at 3% for 2008-2011. Provision has been included for price inflation at 2% in line with the Cabinet decision of 24 May 2007.

#### 3.4 Inter Departmental Budget transfers

3.4.1 At this stage of the budgetary process, no interdepartmental transfers have been identified.

#### 3.5 Specific Grants and time limited funding

3.5.1 A number of specific grants have been included where it can be reasonably assumed that they will continue. These are detailed in the table below. They are subject to confirmation by the various grant awarding bodies. Cabinet on 18 October 2007 agreed that all grant decreases are to be matched by a decrease in expenditure. Any increases in excess of inflation will be reported to Cabinet for approval before inclusion in the budget.

Service Area	Specific Grant	Amount 2007/08 £'000	Estimated amount 2008/09 £'000
Revenues, Benefits and Customer Services	Housing/Council Tax Benefit	117,077	117,077
Revenues, Benefits and Customer Services	Discretionary Housing Payments	210	210

3.5.2 There are no time limited funding issues affecting the department.

### **3.6 Savings**

- 3.6.1 Cabinet on 24 January 2007 agreed to the preparation of an efficiency plan for 2008-2011 totalling £30m. This projected budget shortfall was up dated at Cabinet on 7 June 2007 primarily for price inflation and the projected shortfall revised to £45.4m. This has been apportioned between departments. The 2008/09 budget will include an efficiency target of £1.8m for this department. In 2009/10 and 2010/11 further savings of £1.23m and £1.27m respectively have to be identified.
- 3.6.2 Information on how savings will be achieved was considered by Cabinet on 6 September 2007 and 4 October 2007. Details of these are listed in appendix 1. Reports on how further savings will be achieved are due to be considered by Cabinet in the near future.

### **3.7 Growth**

- 3.7.1 The Department for Work and Pensions has announced that as a result of the Comprehensive Spending Review, benefits subsidy will be reduced by 3% per annum in real terms, 5% per annum in cash for certain elements of the subsidy. As a consequence of this Cabinet agreed on 4 October 2007 an additional £0.7m for this area from 2008/09. The grant figure quoted in section 3.5.1 is anticipated to be affected by this change in Government support and will be altered once it has been finalised.

## **4 BUDGET TIMETABLE**

- 4.1 The Budget and Council Tax for 2008/09 is anticipated to be agreed at the Council meeting on 3 March 2008. Prior to this the Finance Department budget presented here will be updated for changes to central establishment, administrative buildings and other recharges that will be revised to reflect changes arising from the budget process. Further decisions made by Cabinet for example following the announcements of the Local Government Finance Settlement.
- 4.2 Cabinet on the 21 February will consider the Councils overall budget 2008-09 and service plans for all departments. The service plans will include full budget details including grant announcements, central establishment and other recharges. Further details on the budget timetable are given in appendix 2.

## **5. FINANCIAL IMPLICATIONS**

- 5.1. The budget for 2008-09 is compiled from the base budget for 2007-08 approved by Council on 1 March 2007, the Medium Term Financial Strategy 2008-2011 agreed by the Cabinet on 6 September 2007, and updated for the issues outlined in this report. The projected budget is shown in appendix 1 attached.

5.2 This report provides explanations of the changes to the budget for the Finance Department. The key figures at the date of preparing this report are:

Finance Department	£
Base Estimate 2007/08	14,388,400
Base Estimate 2008/09	14,111,000
Projected Budget 2009/10	15,424,000
Projected Budget 2010/11	16,737,000

## 6. STAFFING IMPLICATIONS

6.1. There are none arising from this report.

## 7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1. There are none arising from this report.

## 8. HUMAN RIGHTS IMPLICATIONS

8.1. There are none arising from this report.

## 9. LOCAL AGENDA 21 IMPLICATIONS

9.1. There are none arising from this report.

## 10. COMMUNITY SAFETY IMPLICATIONS

10.1. There are none arising from this report.

## 11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

## 12. LOCAL MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising from this report.

## 13. BACKGROUND PAPERS

13.1. Medium Term Financial Strategy – 2008-2011 6 September 2007  
Projected Budget 2008-2011.

**14. RECOMMENDATIONS**

- 14.1 That Members note the Finance Department Projected Budget 2008/2011.
- 14.2 That this Overview and Scrutiny Committee be informed of any Cabinet decisions that affect the projected budget.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/273/07

**FINANCE DEPARTMENT**  
**PROJECTED BUDGET 2008-2011**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	£'000	£'000	£'000
Base Budget	14,388	14,111	15,424
Pay Inflation	388	388	388
Price Inflation	264	264	264
Income Inflation	-39	-39	-39
Efficiency Plan Savings			
Review of staffing in Corporate ICT unit	-100		
Housing/CT Benefit Subsidy	-600		
Savings from integrated Revenue and Benefits IT system	-380		
Cessation of cash collection at One Stop Shops	-30		
Reduction in Insurance Fund	-400		
Reduction in Call Centre Staffing	-80		
Growth			
Benefits Subsidy	700	700	700
Projected Budget	14,111	15,424	16,737

**BUDGET  
TIMETA  
BLE  
2008-09**

**APPENDIX 2**

