



WIRRAL COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

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1.0 EXECUTIVE SUMMARY

1.1 Introduction

- 1.1.1 Our vision for Wirral is of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential. This vision is clearly set out in Wirral's Sustainable Community Strategy and reflected in the Local Area Agreement, and the Council's Corporate Plan.
- 1.1.2 The Corporate Plan is supported by a series of five year aims and annual priorities which are refreshed on an annual basis and guide future actions. This helps prioritise the use of resources as the Council continues to operate in an increasingly complex and challenging environment and informs the way in which the Council works with its partners who share many of these aims.
- 1.1.3 The national priorities of the Government are aligned with local priorities as part of the Council's corporate and business planning process in order to prioritise available resources. Wirral remains committed to maximising the use of scarce resources and directing these towards priority areas whilst keeping Council Tax at an affordable level as evidenced by recent Council Tax rises.

1.2 Statement of aims

- 1.2.1. This Strategy aims to support the delivery of the Council Vision and the Corporate Plan. It seeks to indicate the resource issues and principles that shape the Council budget; to identify current issues and to consider potential developments / related issues that are likely to provide the basis for future budgets.
- 1.2.2 With insufficient resources to meet all aspirations the Medium Term Financial Strategy guides and shapes spending to maximise achievement of the Council's priorities, and seeks to achieve this, by:-
- Providing a framework for the management of financial resources to support the Annual Budget.
 - Redirecting resources towards meeting the Council objectives.
 - Subjecting spending plans to regular review to ensure that they are aligned with need and promote value for money and service improvement.
 - Applying an overall risk assessment together with controls to ensure any impact is controlled.

1.3 Review

- 1.3.1 The Strategy's timescale has been extended to cover the period up to 31 March 2014. This aligns the Strategy with both the projected period covered by the Chancellor of Exchequer's 2009 budget and the intended life of the next Comprehensive Spending Review period. Whilst the Strategy will be valid at least until 2014 it will be annually reviewed to ensure it remains relevant. For 2009 the main changes reflect the economic projections from the Chancellor and the updated Corporate Plan agreed in April 2009. The annual Budget provides the detail of what is being done to implement this Strategy.

2.0 NATIONAL ISSUES

2.1 The National Economic Position and Impact of the Recession

- 2.1.1 The general global economic outlook remains poor and will impact upon the national economy with the high level of public debt likely to curtail Government manoeuvrability. This may be further restricted if the date of recovery and subsequent growth forecasts are not realised.
- 2.1.2 The UK economy is currently in recession and there are a number of likely financial consequences for all local authorities including:-
- Reductions in future government grant settlements to local authorities.
 - Increases in demand for services particularly relating to welfare support.
 - Additional demands to provide new services to deal with impacts of the recession on communities.
 - Reduction in income from fees and charges.
 - Reductions in level of capital receipts achieved.
 - Negative impact on likely investment into regeneration based schemes
- 2.1.3 Wirral's Strategy and Plan reflect the latest forecasts and assumptions for the impact of the recession and will be the Plan will be regularly updated.

2.2 Comprehensive Spending Review

- 2.2.1 The Chancellor of the Exchequer published a combined Comprehensive Spending Review (CSR) and Pre-Budget Report (PBR) on 9 October 2007. The Chancellor's latest budget was presented on 22 April 2009 and contained a number of economic forecasts:-
- 2.2.2 The UK economy is forecast to return to growth of 3.5% in 2011 although the general economic situation has continued to deteriorate since the Pre-Budget Statement in November 2008 when the forecast for 2009 was of a reduction of only 1% for 2009. The inflation target remains unchanged at 2%.
- 2.2.3 The growth in real spending within the public sector will be reduced from the Pre Budget Statement forecast of 1.2% to 0.7% between 2011/12 and 2013/14. An additional £9 billion of efficiency savings for the public sector by 2013/14 was also announced along with indications that this may be returned to the Government. Spending on capital investment will fall from £44 billion in 2009/10 to £22 billion in 2013/14.

2.3 Local Government Finance Settlement

- 2.3.1 The Government announced the first Settlement covering three years following the Comprehensive Spending Review 2007 (CSR). This set out the indicative level of Government Grant for 2008/09 to 2010/11. It is reviewed each year and the Settlement for 2009/10 again confirmed the indicative figures for 2010/11.

- 2.3.2 The grant allocation comprises a series of elements based upon needs and resources that is adjusted to ensure that all authorities receive a minimum level of increase each year. It is available to support all Council services.
- 2.3.3 The next Government CSR is due in 2010 and will inform the level of Government Grant from 2011/12. The indications are that there will be a reduction in resources available to local authorities and that this will continue until at least 2017.

3.0 LOCAL ISSUES

3.1 Facts and Figures

- 3.1.1 Wirral's Sustainable Community Strategy and the Council Corporate Plan set out a clear understanding of the local issues facing the borough which is a place of enormous opportunity also of sharp contrasts.
- 3.1.2 The overall picture masks inequalities for local people as Wirral residents experience some of the country's most notable variations in economic and social well being. A substantial percentage of Wirral's population live within some of the country's most deprived areas, whilst there are also a large number that live in some of the country's most affluent areas.
- 3.1.3 Wirral's population has declined from over 355,000 during the 1970s to 310,200 in mid-2007. The population is skewed towards older age groups, with a lower proportion of younger adults and a higher proportion of older people than the averages for the rest of England and the North West. The fastest falling population categories are the 24 years and under age groups. With the availability of employment in the borough being lower than the national average a significant number are travelling outside for jobs.

3.2 The Wirral priorities

- 3.2.1 The approach to corporate planning integrates national and local priorities and the Council Corporate Plan contains the five corporate objectives set to achieve the Vision of a more prosperous and equal Wirral, enabling all communities to achieve their full potential:-
- To create more jobs, achieve a prosperous economy and regenerate Wirral.
 - To create a clean, pleasant, safe and sustainable environment.
 - To improve health and well-being for all, ensuring people who require support are full participants in mainstream society.
 - To raise the aspirations of young people.
 - To create an excellent Council.
- 3.2.3 The Corporate Plan is supported by a series of annual priorities which are refreshed on an annual basis with the main emphasis being to use the available resources to reduce inequalities within the borough.

3.3 Allocation of resources to priorities

- 3.3.1 To create more jobs, achieve a prosperous economy and regenerate Wirral.

The Council has allocated revenue and capital resources to support working with private sector partners and Wirral Partnership Homes. This includes the Investment Strategy with developments within NewHeartlands, New Brighton and the Wirral Docklands area. The investment is complemented by the use of Working Wirral funding which includes the Apprenticeship Programme.

3.3.2 To create a clean, pleasant, safe and sustainable environment.

Resources allocated to the streetscene contract and the Material Recycling Facility at Bidston have realised continued improvements in recycling rates. Actions over climate change and sustainability has seen investment in energy conservation measures that reduce the burden of future price rises, focussed on leisure centres and a programme for street lighting. Again the Newheartlands programme supports the delivery of this objective.

3.3.3 To improve health and well-being for all and in providing support for vulnerable people

Additional resources made available for Adult and Children Services. Within Social Services progress is being made with the transformation agenda and the availability of personal budgets. By responding to the pressures faced earlier intervention is essential to success, with the Children and Young People Plan key in delivering the Every Child Matters agenda.

3.3.4 To raise the aspirations of young people

The continued capital investment into schools including the Building Schools for the Future, Primary Schools and Academy programmes. This is supported by targeting funding to the needs of children in deprived communities.

3.3.6 To create an excellent Council

The Council Tax increase for 2009/10 of 4.46% showed the commitment to continuously improve services whilst keeping Council Tax affordable through the securing of value for money. Wirral's Council Tax the 4th highest in the country in 2000/01 is now the 184th highest. The increasing community involvement through Area Forums, the Parliaments for younger and older people was supported by Participatory Budgeting with funds made available for the Forums to allocate on projects or services.

3.4 Comprehensive Area Assessment (CAA)

3.4.1 The Audit Commission provides an external assessment of the Council against a national framework that considers how services are provided to the local area and how the Council and other local organisations work together to use the resources available to improve and provide better services.

3.4.2 Under the previous Comprehensive Performance Assessment the Council was assessed in 2008 as a score of 3 (good performance) with the same score being awarded for the Use of Resources.

3.4.3 From 2009 the CPA was replaced by the Comprehensive Area Assessment and the Commission assessment is expected in December 2009.

4.0 CAPITAL PLAN

4.1 Introduction

- 4.1.1 The Government allocates funding based upon what the Council is expected to invest in the areas of education, transport and social services. Under the Prudential Code for Capital Finance for Local Authorities additional spend on capital investment can be incurred as long as the plans are affordable, prudent and sustainable. This is measured by a series of indicators integral to the Treasury Management policy of which the key is the revenue cost.
- 4.1.2 The agreed Investment Strategy for Wirral sees the Council and our partners committed to encouraging focused and dynamic development while maintaining and enhancing Wirral's unique character and high quality of life. The Strategy will ensure Wirral continues to be a prosperous and sustainable place to invest in, live, work and visit.
- 4.1.3 The Council will increasingly work with the private sector to maximise resources in the continued regeneration of Wirral. The Capital Strategy identifies the links with the Corporate Plan and informs the programme of investment. With resources insufficient to meet all of the aspirations the programme is prioritised based upon criteria that take account of the priorities.

4.2 Capital Programme

- 4.2.1 The three year Capital Programme is agreed each December and any schemes considered for approval are subject to a Business Case submission and evaluated against the agreed priorities of the Council.
- 4.2.2 Under regeneration and housing the NewHeartlands initiative is a long term project, primarily focussed upon housing, to regenerate the east side of Wirral and is part of the wider area encompassing parts of Sefton and Liverpool and is again government grant funded. This funding is subject to regular review by Government and future allocations depend upon the progress being achieved.
- 4.2.3 The Local Transport Plan details the programme in respect of maintaining local transport routes and improving community safety. This includes the Bidston Viaduct scheme to which the Council makes a contribution. Whilst Wirral is the waste collection authority, the Merseyside Waste Disposal Authority (MWDA) provides the disposal facilities, investing in Bidston, with further initiatives planned as part of the Merseyside Waste Management Strategy. The cost of these initiatives is met by the constituent authorities through the MWDA levy.
- 4.2.4 Improving facilities available for use by the people of Wirral, includes the investment into the planned Neighbourhood Centres. The Council 'Invest-To-Save' projects include improvements to residential care arrangements and the continuing energy efficiency programme reducing our energy use and CO₂ emissions in Council buildings and street lighting.

4.2.5 In supporting young people the major spending areas are the Building Schools for the Future school for Woodchurch; the Primary School Programme including Poulton and Pensby and the Birkenhead Academy. In addition significant resources are also allocated for smaller school projects. Approximately 65% of the programme is funded by government grants.

4.2.6 Investment into the development of customer services is through the Neighbourhood Centres as part of the Strategic Asset Review which seeks to provide facilities that meet the aspirations of the people of Wirral.

Programme	2010/11 £million	2011/12 £million	2012/13 £million*	2013/14 £million*
Adult Social Services	0.5	0.1	-	-
Corporate Services	2.3	0.5	0.5	0.5
Children & Young People	49.8	24.9	15.0	15.0
Law, HR & Asset Management	8.2	8.1	8.0	1.5
Regeneration	15.4	13.9	14.0	14.0
Technical Services	12.0	10.7	10.0	10.0
Total programme	88.2	58.2	47.5	41.0

4.3 Resources

4.3.1 Under the Prudential Code the authority can borrow to fund capital spend up to the level that can be afforded. Assumptions of the level of borrowing have been reflected in the Medium Term Financial Strategy and revenue plan.

4.3.2 Government Grants are specific to schemes and are allocated in accordance with the terms of the grant approval. Primarily within the areas of educational / schools development and regeneration this includes NewHeartlands as well as employment/regeneration projects.

4.3.3 The unpredictable nature of the timing of capital receipts means that they are used to provide flexibility in funding the programme. The receipts are projected from the likely sale of assets resulting from the Asset Management Plan and include former school sites and the agreement with Wirral Partnership Homes for the sharing of receipts from sales of former Council houses.

Resource	2010/11 £million	2011/12 £million	2012/13 £million*	2013/14 £million*
General Capital Resources	17.1	13.7	13.5	10.0
Supported Borrowing	5.2	5.2	3.0	3.0
Government Grants	65.5	39.0	31.0	28.0
Revenue, Reserves and Contributions	0.4	0.3	-	-
Total resources	88.2	58.2	47.5	41.0

* Both the programme and resources for 2012/13 and 2013/14 have yet to be agreed and will be informed by the next Government Comprehensive Spending Review.

5.0 REVENUE PLAN

5.1 General

- 5.1 As with capital there will never be sufficient resources to meet all of our service delivery ambitions. In recognition of this the Corporate Plan identifies the main priorities to direct, and provide a focus for, the allocation of Council resources.
- 5.2 The Revenue Plan has been prepared at a strategic level and is not intended to replace the detailed budget process that will continue within the existing time-scales. Assumptions have been made regarding future Government funding with projections based upon the contents of the other related plans.
- 5.3 Throughout the year reports are provided to Cabinet on the projected budget and provide a regular update on the issues identified in the Medium Term Financial Strategy.

5.2 Government Funding

- 5.2.1 The Comprehensive Spending Review 2007 targeted new resources towards Government priorities. Whilst meeting Government objectives the Council must also have regard to its other statutory duties. The next CSR is due in 2010 and will cover the period from 2011/12 onwards.
- 5.2.2 The Local Government Finance Settlement saw Wirral receive an increase in formula grant of 3.7% for 2009/10 with a 3.4% increase indicated for 2010/11. This was higher than similar authorities to Wirral as a consequence of amendments to the allocation formulas. These saw restrictions on the social services allocations removed although there is an overall limit placed on grant changes to limit the impact upon authorities. The Chancellor of the Exchequer in his budget speech in April 2009 stated that there will be reductions in grant from 2011/12. After allowing for debt repayments and increases in welfare benefits the rest of the public sector faces an annual reduction of 2.3%.
- 5.2.3 From 2008/09 many previously Specific Grants for the delivery of any particular services were transferred into the Area Based Grant which is a general grant for use by the authority. Further specific grants will be transferred into this Area Based Grant in future years. The Dedicated Schools grant remains as the most significant specific grant used for the provision of schools.
- 5.2.4 The Government is presently expecting local authorities to deliver annual efficiency improvements of 3% which should all be 'cashable'. This target increases to 4% per year from 2010/11. Council Tax increases are expected to be substantially below 5% in future years with capping powers employed for those authorities who breach this limit.

5.3 Local Funding

- 5.3.1 Council Tax accounts for 40% of the funding of the net spend of the Council and the aim is to set this at affordable levels. The assumption within this Plan is that there will be Council Tax rises of 4% per year.
- 5.3.2 Opportunities for increasing income are explored and charges for services are set having regards to the other objectives of the Council. Charges are reviewed, at least, annually and increased primarily in line with inflation (present assumptions are 3% per year) whilst being compared to other authorities, the local market and affordability. Income generation is balanced against the socio-economic factors and links to the Corporate Plan objectives. Examples being the free swimming schemes which complement healthy lifestyles and the car parking policy linked to the regeneration and environmental objectives.
- 5.3.3 The freedoms offered by legislation allow authorities to charge for discretionary services and therefore an opportunity to increase resources. This can only be implemented within set criteria and the Council continues to explore new income stream opportunities.
- 5.3.4 The Government recognises the strategic importance of economic development and the role local authorities have in place shaping their areas. Multi-Area Agreements between authorities to aid co-operation and maximise the impact of resources and closer ties with the private sector being promoted which includes consideration of the use of local Supplementary Business Rates. From 1 April 2010 top-tier local authorities can raise, and retain, a Supplementary Business Rate, subject to compliance with a series of conditions.. This can be used to fund projects that promote economic regeneration and will be a maximum of 2p in the £

5.4 Influences

5.4.1 Securing investment and financing

The Council continues to look at all options for securing investment into the local area building upon the Private Finance Initiative used for improving secondary schools, the transfer of the housing stock to address the needs of Council dwellings and bidding for Government funding, including the Lottery Fund, and the ongoing NewHeartlands programme.

The timing of the Government financial support for the schools PFI scheme is such that the grant received in the early years is greater than the actual spend and these sums are held in reserve to meet the annual commitments. As time progresses there is an increasing responsibility upon the Council to meet the financing costs. In 2010/11 the funding gap is £1 million, and 2011/12 £0.4 million after which time the reserve is fully used.

5.4.2 Council Balances

The Local Government Act 2003 and CIPFA consider that the Director of Finance should recommend the level of general balance. This is maintained at an appropriate level having regard to the financial management and control framework taking into account risk management and the risks identified in the budget process. The balance should be set at 2% of the net revenue budget and is set at £6 million for 2009/10 and will rise to £7 million by 2012/13 which is in accord with recommendations from the Audit Commission.

Amounts are also set-aside for specific purposes being held either in reserves or provisions in accordance with the appropriate accounting practice. These are reviewed at least twice a year to ensure that they are still required for the purpose intended and maintained at adequate levels.

5.4.3 Inflation

In line with Government projections inflation has been assumed at 2% over the next three years for pay and prices. A general amount for non-specific growth is included in the projections to fund smaller items of up to £0.2 million resulting from legislative changes. The Merseyside Waste Disposal Authority levy is projected to rise by 15.7%, 18.1% and 19.2% over the three years and the Merseytravel levy by 4% per year.

5.4.4 Links to other resource strategies

Capital Strategy: Support for capital investment is assumed to continue but at a reducing level between 2010/14. Submissions for funding are based upon a Business Case which prioritises submissions against meeting the corporate objectives. The Capital Programme process includes any Invest-to-save schemes with the programme agreed each December.

Human Resources: Wirral continues to implement the local pay review, originally agreed as part of the 1996 pay award, with any decisions to be effective from April 2007. Whilst largely resolved in 2008 resources have been made available to meet the on-going commitments.

Information Technology: Support for investment is based upon the submission of a Business Case which is then assessed against prioritisation criteria reflecting the corporate objectives. The programme is agreed each December and incorporated into the budget process.

5.4.5 Efficiency and Value for money

Wirral remains committed to delivering value for money through keeping Council Tax affordable and maintaining improvements in services. Spending plans are subject to continuous review to ensure that they are aligned with need as the aim is to deliver high quality, well-performing services within the finite resources available. Whilst costs should compare well with other authorities and be reflective of service delivery and outcomes achieved as it is the outcomes rather than the processes that are the key to success.

5.4.6 Insurance

The Council has been pro-active in risk management and in the treatment and defence of insurance claims. This was again recognised in the Insurance Fund annual report and the assessment of potential liabilities arising from past and predicted claims enabling the amounts set-aside for outstanding claims to again be reduced in 2009. The main liabilities contracts are due for renewal in 2010 when the options for the scope of the cover will be reviewed.

5.4.7 Pension Costs

The actuarial revaluation of the Pension Fund in March 2007 resulted in increased Pension Fund contributions being phased in over three years from 2008/09 with increases in the employers contribution of £0.5 million per year. The next revaluation is due in March 2010 and, at this stage, a similar level of increase is anticipated.

5.4.8 Promoting choice

The reforms within Adult Social Services will see the implementation of the personalisation agenda. From 2011 individuals will receive the funding directly for care services and be able to choose those services which they require to use.

5.5 Council priority area issues

5.5.1 To create more jobs, achieve a prosperous economy and regenerate Wirral

The Council continues to progress the delivery of the Investment Strategy of which the key projects involve working with development partners on the New Brighton, Woodside and Wirral Docklands schemes.

The NewHeartlands Initiative sees Wirral, with Liverpool and Sefton, tackling areas of poor quality and unpopular housing accommodation and replacing it with that more suited to modern requirements. Targeted at strategic areas the aims of this long-term Government funded initiative are to secure regeneration and sustainability for the future.

The Working Wirral funding, including the Apprenticeship programme continues to be focussed upon increasing job opportunities and helping secure the continuation of existing jobs

5.5.2 To create a clean, pleasant, safe and sustainable environment

The Government has set targets regarding waste recycling and the diversion of waste away from landfill. The annual increase in Landfill Tax is reflected in the levy upon the Merseyside authorities from the Merseyside Waste Disposal Authority and the Authority is implementing a tonnage-based charge for landfill.

Major capital investment is required to achieve the recycling target. The Merseyside Waste Disposal Authority has opened a Material Recycling Facility at Bidston and is pursuing a Private Finance Initiative scheme for residual waste treatment facilities across Merseyside. This will see the levy increasing by 15.7%, 18.1% and 19.2% over the next few years.

The Council Environmental Streetscene Services contract covers waste collection, recycling and street cleansing services and as the range of services expands this realises environmental and cash benefits through increased recycling and reduced landfill costs (via the levy).

Improvements to housing and community safety are within the investment into the former Council housing stock achieved with the transfers to Wirral Partnership Homes and Beechwood & Ballantyne Community Housing Association in February 2005.

The Council awarded a combined Highways and related maintenance services contract from 2009/10 that realised efficiencies upon acceptance of the contract. Through continued working with the partner contractor there are expected to be further service improvements and efficiencies.

In addressing sustainability work continues on energy efficiency measures and investment into energy schemes, the procurement of goods and services, enforcement through planning and building regulation and investment in technology to streamline business processes.

5.5.3 To improve health and well-being for all, ensuring people who require support are full participants in mainstream society

Adult Social Services face demand pressures through the demographic changes on Wirral and an increasingly ageing population. As with Children's Services further resources have been allocated to Adult Social Services over recent years and there has been closer working with NHS Wirral to better use the resources available locally.

Wirral is responding to the changing emphasis in transforming adult services care provision with the plans to pilot and implement personal budgeting. This gives individuals the choice of purchasing care and support which will impact upon the services provided by the Council as well as other public sector and private sector providers.

The Children and Young People Plan and the Every Child Matters agenda see resources being directed towards the safe reduction in the numbers of looked after children, earlier intervention and the countering of the impact of deprivation. Foster care demands, pressures on services for children with learning disabilities and increased residential care costs continue to require resources with demand increasing following well publicised cases elsewhere in the country during 2008/09.

5.5.4 To raise the aspirations of young people

Education is, and will continue, to be a key Government priority. The Dedicated Schools Grant and three-year budgets for schools further guarantee schools funding being ring-fenced. The national distribution of the grant is to be reviewed in the coming years with any changes becoming effective from 2011.

The major issue facing the education service is that of falling rolls as reflected in local demographic changes and declining population. With fewer school places required the Council has agreed to reduce school provision. The running costs for those closed remain within the schools service, being redistributed, whilst the Council benefits from the sale of the assets.

The capital investment into the Building Schools for the Future programme pilot at Woodchurch which commenced in 2009 and the developing Primary schools programme and academies schemes will change the school provision throughout Wirral

In supporting the raising of aspirations and the narrowing of the attainment gap there are linkages to the other aims and objectives including the creation of more jobs, through the Apprenticeship Programme, and health and well-being through support for looked after children.

5.5.5 To create an excellent Council

The Customer Access Strategy is delivered through the 'front-of-house network' of the Call Centre, One Stop Shops, Information Points and the new Neighbourhood Centres with this being enhanced through the development of the Council web-site. Joint working, including the joint use of facilities with other agencies, sees a co-ordinated approach with work in this area previously recognised with awards for Customer Services and by the Audit Commission review of Access To Services.

The modernisation agenda through the integration of existing IT systems aims to provide improved services encompassing the support systems integrating Customer Relationship Management, Content Management and the Financial systems. With substantial investment in assets and in the way services are provided there are efficiencies that can be achieved through the medium-to-long term through the re-engineering of service delivery.

The Council is implementing a Strategic Asset Review which will make improvements to service delivery, contribute towards the sustainability programme and also realise financial benefits through operational efficiencies. The Review will also identify areas for investment in accord with the Capital Strategy.

The purchasing of goods and services for the best price available was strengthened through the adoption of a Procurement Strategy and the establishment of a Procurement Unit. By using the opportunities afforded by the changing systems this will continue to provide additional benefits.

5.6 Financial projections

5.6.1 The financial projections are based upon the preceding sections and indicate a shortfall between spend and income. The Council Tax figures assume a Council Tax rise of 4% per year and the shortfall will be made up from efficiency savings identified throughout the period.

5.6.2 To give an indication of potential variations for some of the key assumptions the impact of each 1% variation for each assumption is summarised in the following table:-

Effect of 1% variation in:-	2010/11	2011/12	2012/13	2013/14
	£ million	£ million	£ million	£ million
Inflation - Pay	1.6	1.7	1.7	1.7
Inflation - Prices	1.5	1.3	1.3	1.4
Inflation - Income	0.3	0.3	0.4	0.4
Council Tax income	1.3	1.4	1.5	1.5

5.6.3 It should be noted that these projections are based upon assumptions regarding the future Local Government Finance Settlements and financial assessments made based on the latest information available. As further information is received this will be reported in the regular updates to Cabinet.

WIRRAL COUNCIL

GENERAL FUND PROJECTIONS

	2010/11	2011/12	2012/13	2013/14
	£ million	£ million	£ million	£ million
BASE BUDGET	314.2	335.5	333.9	335.1
PLUS: IDENTIFIED CHANGES				
Inflation – Pay	3.3	3.4	3.4	3.5
Inflation – Prices	3.9	3.7	3.7	3.8
Capital financing	2.9	2.0	2.0	2.0
Waste disposal costs	2.6	3.0	4.0	5.0
Pension costs	0.5	0.5	0.5	0.5
Merseytravel levy	1.0	1.0	1.1	1.1
Private Finance Initiative	1.0	0.2	0.2	0.2
Benefits (net of Subsidy)	0.3	0.2	0.2	0.2
Supporting People	10.3	-	-	-
Unavoidable growth	1.0	1.0	1.0	1.0
Efficiency Investment Fund	2.6	2.0	2.0	2.0
Contribution to balances	0.7	-	-	-
Inflation – Income	-1.0	-1.0	-1.1	-1.1
Invest-To-Save	-0.4	-	-	-
LABGI / LAA Grant	-0.7	-	-	-
Agreed efficiencies	-0.5	-	-	-
Efficiency Plan / savings	-6.2	-17.6	-15.8	-16.8
FORECASTED BUDGET	335.5	333.9	335.1	336.5
RESOURCES				
Government Grant	157.9	194.3	189.9	185.5
Area Based Grant	41.0	-	-	-
Council Tax	134.2	139.6	145.2	151.0
LABGI / LAA Reward Grant	1.9	-	-	-
Use of reserves	0.5	-	-	-
RESOURCES	335.5	333.9	335.1	336.5
GENERAL BALANCE	6.5	6.5	6.5	6.5

The Council has agreed the allocation of the efficiency savings across departments and this continues to be updated as part of the regular Projected Budget reports to Cabinet throughout the year.

In terms of resources a Council Tax increase of 4% per year has been assumed. With the outcome of the CSR 2010 unknown at this stage the projected Grant has, at this stage been based on the Government Budget 2009 and reduced by 2.3% per year from 2011/12.

6.0 RISK ASSESSMENT

6.1 The Council, whilst providing services also assists in the social and economic development of Wirral. The management of risks helps in the achievement of the objectives, improves services and delivers value for money. The Risk Strategy sets out the policy and the framework for risk management which links with the overall planning process and the risk registers. The main financial risks facing the Council are:-

RISK / ACTION	PROBABILITY	IMPACT	ACTIONS TO REDUCE RISK
Government Grant fails to rise with inflation, demographic and legislative changes	High	High	Lobbying of Government Three year funding settlement Early Council planning
Efficiency Plan / savings are not delivered	Medium	High	Appraisal of issues at start Regular reporting of progress
Demand for adult social care services increases	Medium	High	Lobbying of Government Regular monitor and report
Health service issues add to Council pressures	Medium	High	Agreements with NHS Wirral Effective care management Regular dialogue with sector
Demand for children care services increases	Medium	High	Additional resources 2009/10 Focus upon key areas Regular monitor and report
Cost of waste / recycling services increase	Medium	High	Lobbying of Government Regular monitor and report
Forecasts of future spending needs under-estimated	Medium	Medium	Regular review of financial and service plans
Resources are not targeted towards priorities	Medium	Medium	Re-allocate wherever possible Review regularly
Forecasts of future spending needs, pay and inflation vary from assumptions	Medium	Medium	Inflation low at present Pay awards predictable Regular review of Strategy
Income targets not achieved	Medium	Medium	Identify volatile areas Regular financial monitoring
Failure to deliver the personalisation agenda	Low	High	Focus medium term resources Personal Budget pilot Regular reporting on progress
Balance insufficient to meet unforeseen events	Low	Medium	Maintain at adequate level Regular review and monitor
Severe weather and other incidents	Low	Medium	Maintain emergency plans Assessment of balance
Budgetary Control fails to stop Council overspending	Low	Medium	Identify volatile areas Regular reporting
Legislative changes including funding not anticipated	Low	Low	Assess Government policy Member of groups (SIGOMA)
Revenue implications of capital projects not included	Low	Low	Reports identify the revenue effects of projects