



WIRRAL COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

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**CABINET
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1.0 EXECUTIVE SUMMARY

1.1 Introduction

- 1.1 The Council operates in an increasingly complex and challenging environment. Future improvements in service delivery require actions from a range of agencies with the Council and partners in the public, private, voluntary and community sectors all having a key role.
- 1.2 The Council Vision is for a more prosperous and equal Wirral enabling all communities and people to thrive and achieve their full potential. The Corporate plan details the objectives and aims for a five year period to deliver the Vision.
- 1.3 The national priorities of the Government compete with local priorities for available resources requiring difficult decisions to be made. Wirral is 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 Whilst the Strategy will be valid at least until 2012 it will be annually reviewed to ensure it remains relevant. For 2008 the main changes reflect the outcome of the Government Comprehensive Spending Review 2007 and the Vision for Wirral and updated Corporate Plan agreed in March 2008. The annual Budget provides the detail of what is being done to implement this Strategy.

2.0 NATIONAL ISSUES

2.1 Local Government Finance Settlement

- 2.1.1 The Government announced the first Settlement covering three years following the Comprehensive Spending Review 2007 (CSR). This set out the level of Government Grant for 2008/09 to 2010/11 and is to be reviewed each year.
- 2.1.2 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.
- 2.1.3 The next Government CSR is due in 2010 and will inform the level of Government Grant from 2011/12.

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 2008/09 budget was presented on 12 March 2008. These contained a number of economic forecasts:-

The macro-economic forecast for growth in 2008 was reduced from 2%-2.5% in the PBR to 1.75%-2.25% in the actual budget and reflected the current economic downturn. Consumer price inflation was forecast in the budget to be 2.5% during 2008.

The CSR outlined the three year Settlement for local government and claimed that local authorities would receive increased funding on average 0.9% per annum above inflation over the life of the CSR. £5 billion of specific grants being 'mainstreamed into Revenue Support Grant or a newly created Area Based Grant would provide greater flexibility of use for authorities. In return future Council Tax increases were expected to be 'substantially below 5%'.

A Value for Money delivery plan was published in conjunction with the CSR setting a national target for local government of £4.9 billion of cashable savings per annum by 2010/11. This compares with a £3 billion annual target under the previous CSR period. Savings generated are being reinvested into the Government priorities including Education (real term growth of 2.8% per annum) Adult Social Care, Transport (concessionary fares scheme) and a Working Neighbourhood Fund.

2.3 Other influences

- 2.3.1 Strong and Prosperous Communities

The White Paper built upon the early conclusions from the Lyons Inquiry promoting greater devolution to local government with formal recognition of local government's role in place-shaping and offering strategic leadership. The

Local Area Agreement is seen as a means of achieving this with reductions in the performance bureaucracy.

2.3.2 Sir Michael Lyons Inquiry

The final report issued in March 2007 re-affirmed local government as being an essential part of the system of government. It called for more joint working with Government allowing more room for local discretion giving local authorities a greater role in their local area. He also proposed increases to local government revenue sources through a series of additional charges and changes through a revaluation of properties for Council Tax purposes and to the tax bands.

2.3.3 Sub-National Review of Economic Development and Regeneration

Published In July 2007 the review placed significant emphasis on the strategic importance of economic development and the role local authorities have in place shaping their areas. The focus of the review was on devolution and empowerment to regions and local authorities with upper tier authorities having a duty to undertake an economic assessment of their areas. The review also promoted Multi-Area Agreements between authorities to aid co-operation and maximise the impact of resources and closer ties with the private sector including consideration of the use of local supplementary business rates.

2.3.4 Supplementary Business Rates

Published in October 2007 the White Paper proposes the introduction of new powers for top-tier local authorities to raise, and retain, a Supplementary Business Rate. This can be used to fund projects that promote economic regeneration and will be a maximum of 2p in the £. This is subject to a number of conditions the details of which are to finalised by the Government during 2008/09.

2.3.5 Raising expectations

The White Paper was published in March 2008 and followed the Sub-National Review. The government has indicated that authorities will take control of the money spent by the Learning & Skills Council on colleges and sixth forms. Further details of the responsibilities for the training of young people up to the age of 19, and funding, are expected during 2009/10.

3.0 LOCAL ISSUES

3.1 Facts and Figures

- 3.1.1 The Borough is one of contrast and diversity in both its physical and social demographics comprising rural areas and townships in a peninsula of 60 square miles.
- 3.1.2 The total population of 312,000 comprises a relatively high ageing population and a relatively low proportion of people in their twenties and thirties compared to England and Wales. Just over 1% are non-white people compared to the 9% non-white population in England and Wales.
- 3.1.3 There are some extremely deprived areas, mainly in the east where 75% of the population live and in 2007 Wirral was ranked as the 48th most deprived of the 354 districts in the country but there are areas of affluence.
- 3.1.4 The availability of employment in the borough is lower than the national average with a significant number travelling outside for jobs and in January 2007 the unemployment rate was below the Merseyside average.

3.2 The Wirral priorities

- 3.2.1 The approach to corporate planning integrates national and local priorities into a series of objectives and the Council's 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 which are:-
- 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.
- 3.2.2 The Corporate Plan is supported by a series of annual priorities which are refreshed on an annual basis.

3.3 Local Area Agreement (LAA)

- 3.3.1 The Vision for Wirral is reflected in the Local Area Agreement which commenced in 2008/09 and seeks to increase the efficiency and effectiveness of local agencies in delivering public services. The Council acts as accountable body working with Government Departments and local health organisations.

3.4 Allocation of resources to priorities

- 3.4.1 The agreed Council Tax increase for 2008/09 was 3.66% showing the Council's commitment to continuously improving 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 and has now dropped to 242nd highest.

- 3.4.2 In creating more jobs and regenerating Wirral the Council continues to invest in working with private sector partners and Wirral Partnership Homes. This includes the Investment Strategy, NewHeartlands, New Brighton, Hoylake / West Kirby and the Wirral Docklands.
- 3.4.3 In creating a clean, pleasant, safe and sustainable environment improvements as part of the streetscene contract and the Material Recycling Facility at Bidston were realised with improvements in the recycling rates and reductions in waste sent to landfill. Actions over climate change and sustainability saw investment in energy conservation measures that reduce the burden of future price rises, focussed on leisure centres and a programme for street lighting.
- 3.4.4 In improving health and well-being for all and in providing support for vulnerable people there was increased investment in Adult and Children Services. 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.
- 3.4.5 In raising the aspirations of young people there is the continued capital investment into children's centres and schools. This is supported by targeting funding to the needs of children in deprived communities.
- 3.4.6 In creating an excellent Council continuing increasing community involvement through Area Forums, the Parliaments for younger and older people allied with Participatory Budgeting, improving customer access to Council services with the providing of effective and value for money services key.

3.5 Comprehensive Performance Assessment (CPA)

- 3.5.1 The Audit Commission provides an external assessment of the Council against a national framework that considers the quality of services, the use of resources and the overall ability of the Council to improve and provide better services in the future.
- 3.5.2 In 2007 Wirral was assessed as a score of 2, adequate performance, for the overall Council and for the 2007 judgement on the Use of Resources. In terms of the more specific service assessments the majority scored 3 out of 4.
- 3.5.3 From 2009 the CPA is to be replaced by the Comprehensive Area Assessment. The Government continues to consult on the approach which will reflect the place shaping role of authorities by focussing on local issues and will include other local service providers.

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 Underpinning this are the Full Employment Strategy for Wirral, which provides a framework for improving employment rates, and An Enterprise Strategy for Wirral, the plan for increasing self-employment and business starts.
- 4.1.4 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. A major scheme in the coming years is Bidston Viaduct to which the Council makes a contribution. Whilst Wirral is the waste collection authority, the Merseyside Waste Disposal Authority provides the disposal facilities, investing in Bidston, with further initiatives planned as part of the Merseyside Waste Management Strategy. The costs of these initiatives are met by the constituent authorities through the Waste Disposal Authority levy.
- 4.2.4 Improving facilities available for use by the people of Wirral, includes the refurbishment works at the Oval Sports Centre. 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 new Building Schools for the Future school for Woodchurch; the development of Children's Centres and the Primary Capital Strategy. In addition significant resources are also allocated for smaller school projects. Approximately 65% of the programme is funded by government grants.

4.2.6 Besides the investment into the development of customer services through the One Stop Shops, the Archives and Records Unit and the ongoing IT enhancements the Strategic Asset Review seeks to provide facilities that meet the aspirations of the people of Wirral.

Programme	2009/10 £million	2010/11 £million	2011/12 £million
Corporate Services	2.8	3.8	3.0
Children & Young People	30.5	27.6	27.0
Regeneration	20.1	20.2	20.0
Transport Services	11.4	12.3	13.0
Total programme	64.8	63.9	63.0

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 development and regeneration this includes NewHeartlands as well as employment/regeneration projects. Opportunities for other forms of assistance such as from the Lottery Fund are explored.

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	2009/10 £million	2010/11 £million	2011/12 £million
Borrowing	26.1	28.6	28.0
Government Grants	34.7	31.3	31.0
Capital Receipts	4.0	4.0	4.0
Total resources	64.8	63.9	63.0

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 for the period of the Comprehensive Spending Review with these providing a regular update on the issues identified in the Medium Term Financial Strategy.

5.2 Government Plans

- 5.2.1 The speech of the Chancellor of the Exchequer on 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 4.8% for 2008/09, 3.7% for 2009/10 and 3.4% for 2010/11. The minimum increases for similar authorities to Wirral were set at 2%, 1.75% and 1.5% for these years. Amendments to the allocation formulas saw restrictions on the social services allocations removed although there is an overall limit placed on grant changes to limit the impact upon authorities. Wirral has received funding above the minimum level for the first time in a number of years.
- 5.2.3 As part of the Settlement there have been significant changes to the specific grants allocated by Central Government. From 2008/09 many have been incorporated into the Area Based Grant which has been made available to authorities as a general grant and not specific to the delivery of any particular services. In the coming years further specific grants will be transferred into this Area Based Grant.
- 5.2.4 The government is expecting local authorities to deliver annual efficiency improvements of 3% which should all be 'cashable'. Council tax increases are expected to be substantially below 4% in future years with capping powers employed for those authorities who breach this limit. For indicative purposes the plan assumes a Council Tax rise of 4%.

5.3 Influences

- 5.3.1 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 and the transfer of the housing stock to address the needs of Council dwellings. There have also been successful bids 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 £1.4 million when the reserve is fully used.

5.3.2 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 will rise to £6 million by 2009/10, and to £7 million by 2011/12, which is in line 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.

5.3.3 Inflation

Pay awards and price inflation have been assumed at 2% over the next three years whilst income inflation has been included at 3%. 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 15.4% per year and the Merseytravel levy by 4% per year.

5.3.4 Links to other resource strategies

Capital Strategy: Support for capital investment is assumed to continue at existing levels. 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 is implementing the local pay review, originally agreed as part of the 1996 pay award, with any decisions to be effective from

April 2007. Whilst expected to be resolved in 2008 the sum of £4.5 million per year is 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.

5.3.5 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 it is the outcomes rather than the processes that are the key to success.

5.3.6 Income

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 whilst being compared to other authorities, the local market and affordability. The income generation reasons being 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.

5.3.7 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 annual external assessment of potential liabilities arising from past and predicted claims enabling the amounts set-aside for outstanding claims to again be reduced in 2008. When renewing the contracts in 2008 the option was taken to extend the scope of the insurance cover.

5.3.8 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 Council priority area issues

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

In order to deliver the Investment Strategy the departmental structure of the Council has been enhanced separating responsibilities for Strategic and Asset Management. Underpinning this are the additional infrastructure to work with the development partners in the New Brighton, Woodside and Wirral Docklands schemes.

Improvements to 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.

Similarly, 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.

5.4.2 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 15.4% over the next few years.

The Council invested in a revised Environmental Streetscene Services contract covering waste collection, recycling and street cleansing services. As the range of services expands this will realise environmental and cash benefits through increased recycling and reduced landfill costs (via the levy).

The Council is presently reviewing the arrangements for the procurement of highways and related maintenance services that will be the subject of a revised contract from 2009/10.

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.

5.4.3 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 Wirral Primary Care Trust to better use the resources available locally.

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, increased residential care costs and legal fees for looked after children cases all require resources.

5.4.4 To raise the aspirations of young people.

Education remains a key Government priority. The Dedicated Schools Grant and three-year budgets for schools further guarantee schools funding being ring-fenced and the indications are that this grant will rise above inflation over the next three years. 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.

5.4.5 To create an excellent Council.

The Customer Access Strategy is delivered through the 'front-of-house network' of the Call Centre, One Stop Shops and Information Points 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.

The modernisation agenda through the integration of existing 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.

The Council is undertaking a Strategic Asset Review to identify opportunities for improved service delivery by examining all operational buildings on a geographic basis. This seeks to realise financial benefits through operational efficiencies whilst identifying 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.

5.5 Financial projections

- 5.5.1 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.
- 5.5.2 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

	2009/10	2010/11	2011/12
	£ million	£ million	£ million
BASE BUDGET	299.6	322.0	331.8
PLUS: IDENTIFIED CHANGES			
Inflation – Pay	3.4	3.4	3.4
Inflation – Prices	3.6	3.6	3.6
Inflation – Income	-1.0	-1.0	-1.0
Capital financing	3.1	3.1	3.1
Invest-to-save	-0.7	-0.4	-
Waste disposal costs	2.2	2.5	2.8
Pension costs	0.5	0.5	0.5
Merseytravel levy	1.0	1.0	1.0
Highways	3.7	-	-
Private Finance Initiative	0.4	1.0	-
Benefits Subsidy	0.7	0.7	-
Area Based Grant	2.5	-0.4	-
Local Area Agreement	-1.5	-	-
Supporting People	10.3	-	-
Efficiency Investment Fund	5.3	5.3	5.3
Unavoidable growth	1.0	1.0	1.0
Contribution to balances	1.0	-	1.0
Efficiency Plan / savings	-13.1	-10.5	-11.1
FORECASTED BUDGET	322.1	331.8	341.4
RESOURCES			
Formula Grant	152.7	157.9	161.0
Area Based Grant	41.2	40.7	41.9
Council Tax	128.1	133.2	138.5
RESOURCES	322.0	331.8	341.4
GENERAL BALANCE	6.0	6.0	7.0

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 and with the outcome of the CSR 2010 unknown the Grant has, at this stage, be increased by 2% for 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
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 PCT Effective care management Regular dialogue with sector
Demand for children care services increases	Medium	High	Lobbying of Government 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
Government Grant fails to rise with inflation, demographic and legislative changes	Medium	Medium	Lobbying of Government Three year grant funding from Government
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 rising at present Pay awards predictable Regular review of Strategy
Income targets not achieved	Medium	Medium	Identify the volatile areas Regular financial monitoring
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 overspending	Low	Medium	Identify volatile areas Regular reporting
Forecasts of demographic / other changes	Low	Medium	Review assumptions annually
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