

WIRRAL COUNCIL

BUDGET CABINET

21 FEBRUARY 2011

| | |
|-------------------------------------|-------------------------------|
| SUBJECT | COUNCIL BUDGET 2011/12 |
| WARD/S AFFECTED | ALL |
| REPORT OF | DIRECTOR OF FINANCE |
| RESPONSIBLE PORTFOLIO HOLDER | COUNCILLOR JEFF GREEN |
| KEY DECISION | YES |

1.0 EXECUTIVE SUMMARY

- 1.1 This report and appendix forms part of the financial planning process in that it provides Members with the information upon which to consider the Council budget for 2011/12. Members are requested to agree the Council budget and Council Tax levels for 2011/12.
- 1.2 At this stage the Budget Requirement for 2011/12 is in line with the projected income (before any Council Tax increase) for 2011/12

2.0 RECOMMENDATIONS

- 2.1 That the funding of the Early Voluntary Retirement / Voluntary Severance Scheme, including the capitalisation of £3,420,000 in 2010/11, be agreed.
- 2.2 That Cabinet considers the Council Budget for 2011/12 and determines the levels of Council Tax for 2011/12.
- 2.3 That following the agreement of the Budget a further report showing detailed departmental estimates be presented to the Cabinet incorporating the decisions made by Budget Cabinet.
- 2.4 That following the agreement of the Budget for 2011/12 a report be presented updating the future financial projections to further support the Council in planning over the medium term.

3.0 REASON FOR THE RECOMMENDATIONS

- 3.1 There is a legal requirement for the Council to have agreed a sustainable budget and to set Council Tax levels for 2011-12 by 10 March 2011.

4.0 BACKGROUND AND KEY ISSUES

4.1 The annual Council Budget is an integral part of the overall financial management of the Council. The Medium Term Financial Strategy for 2011/15 was agreed by Cabinet on 4 November 2010 and considers issues at a strategic, rather than a departmental or operational, level. Covering more than one year it is subject to an annual review whilst Cabinet receive regular updates throughout the year on issues affecting the financial projections contained within the Strategy. By the 10 March each year the Council has to agree a budget and set Council Tax levels for the following financial year.

4.2 The Director of Finance has a number of statutory responsibilities in relation to agreeing the budget. These can be summarised as:

1. The requirement to ensure that the Council has set a balanced budget under the Local Government Finance Act 1992.
2. The requirement to produce a written report on the robustness of the estimates, adequacy of reserves and impact upon future years budgets' under the Local Government Act 2003.
3. The requirement to ensure that I, as Director of Finance, have adequate resources for the proper administration of the financial affairs of the Council under the Local Government Act 1972.
4. The requirements under the Prudential Code for Capital Finance in Local Authorities 2009 to ensure the funding of capital expenditure is affordable.

4.3 As part of its overview function, the Audit Commission will be looking at financial resilience and will monitor to ensure that the above responsibilities are being met. Given the severe financial constraints across the entire public sector and a period of significant change there will inevitably be increased scrutiny over the robustness of any agreed budget.

4.4 OVERVIEW

4.4.1 The financial projections for future years have been regularly updated and reported to Cabinet throughout the current financial year and Members are now requested to agree the budget for 2011/12. The Government Spending Review announced indicative Formula Grant funding for local government over the next four years. The Local Government Finance Settlement then provided detail for individual local authorities covering a two year period. Cabinet on 17 March 2011 will be requested to consider indicative budgets for future financial years.

4.4.2 The Base Estimate for 2011/12 consolidates the budgets of individual services and the savings considered by Cabinet. Where formal notification has been received regarding the proposed levies these have also been incorporated. More detailed information on outstanding precepts should be available for the meeting.

- 4.4.3 The budgets have again been prepared at out-turn prices. In accordance with the decision of Cabinet on 9 December 2010 no inflation has been included for general prices. Contracts have not received inflation increases with the exception of the gas, electricity and street lighting energy contracts. The energy contract increases include a part year effect in 2010/11. Pay awards have been included in line with Government recommendations i.e. £250 for those earning less than £21,000 per annum and no provision for those above. An increase of 3% has been included for income.
- 4.4.4 Collection of outstanding Council Tax is continuing. Having taken into account previous experience and current collection rates the irrecoverable position has been estimated at 1.5% for 2011/12 which is the same as for 2010/11. Consequently the tax base has been adjusted by the estimated collection rate of 98.5%, as agreed by Cabinet on 9 December 2010.
- 4.4.5 Regular reports have been presented to Cabinet throughout the financial year highlighting the projected financial position for 2011/12 with the most recent being submitted to Cabinet on 13 January 2011. The present position as detailed in the Summary of General Fund Estimates is:-

| Summary | £000 |
|---|-------------|
| Budget Requirement | 291.5 |
| Income before any Council Tax rise | 291.5 |
| Difference between requirement and income | NIL |

- 4.4.6 The Government has stated that it expects to see Council Tax increases of 0% and this was re-affirmed in the announcement of the Local Government Finance Settlement. A Council Tax Freeze Grant has been introduced paying a grant equivalent to a 2.5% Council Tax increase for those billing authorities who agree a 0% increase.
- 4.4.7 Estimated General Fund balances at 31 March 2011 are £10.8 million and the Council will be expected to set a budget for 2011/12 leaving a minimum of £6 million in balances. This figure is lower than the £6.5 million required for 2011/12 because of the reduced level of Council spending and is the minimum level deemed necessary having regard to the financial position of, and the pressures facing, the Council as highlighted in the Medium Term Financial Strategy.

4.5 FINANCIAL YEAR 2010/11

- 4.5.1 Since setting the budget for 2010/11 a number of changes have taken place. The Government Budget in June 2010 resulted in reductions in funding to local authorities. For Wirral there was a reduction in Area Based Grant funding and the cessation of the Local Area Agreement Reward Grant and the Local Authority Business Growth Incentive Grant. The proposed Personal Care at Home scheme planned for October 2010 was also ceased.

4.5.2 In response to the funding changes expenditure reductions were made to Area Based Grant funded programmes whilst the loss of the LAA and LABGI grants was met from balances. Minor variations have been made to budgets during the year including for increased energy costs.

4.5.3 A number on internal variations between departments have been made which reflect agreed changes to the departmental structures primarily flowing from the decision to re-allocate the functions of the former Regeneration Department to other departments. These will be reflected within the detailed estimates report to be presented to the Cabinet.

4.5.4 A summary of the main changes from the Base Estimate for 2010/11 to the Current Estimate for 2010/11 is as follows:-

| Details | £million | £million |
|--|-----------------|-----------------|
| Base Estimate 2010/11 | | 331.8 |
| Increased expenditure/reduced income | | |
| LABGI/LAA Reward (former grant) | 1.6 | |
| Energy | 0.2 | |
| Fostering costs | <u>0.1</u> | +1.9 |
| Reduced expenditure / increased income | | |
| Area Based Grant Funded Expenditure | 3.9 | |
| Personal Care at Home | <u>2.6</u> | -6.5 |
| Impact on balances | | |
| Reduced contribution / Reduction in balances | | -0.6 |
| Current Estimate 2010/11 | | 326.6 |

4.5.5 The latest projections for the current financial year, based upon the position at 31 January 2011 are included within the Summary of General Fund Estimates. Efforts continue to contain spend within the departmental budgets and no adjustments have been agreed in respect of the following potential variations and pressures which, if they do occur, would impact on balances:-

| Department / potential variation | £million |
|--|-----------------|
| Adult Social Services | +3.5 |
| Essentially pressures on community care services | |
| Children and Young People | +1.8 |
| Residential and Foster Care placements | |
| Technical Services | +1.4 |
| Income shortfalls and £0.5 million of winter maintenance | |
| Finance | -0.7 |
| Management of cash flow and increased interest receipts | |

4.5.6 During the year a range of measures were implemented under the 'Every Pound Matters' agenda. These included restrictions in filling vacant posts, cessation of any first class travel and on authorisation of expenditure over £100. Chief Officers have identified in-year savings from these initiatives totalling £2.7 million at the end of January. This has been used to offset spending pressures particularly within the Departments of Adult Social Services, Children and Young People and Technical Services.

4.6 FINANCIAL YEAR 2011/12

4.6.1 A summary of the main changes from the Base Estimate for 2010/11 to the Base Estimate for 2011/12 is:-

| Details | £million | £million |
|---|-------------|-------------|
| Budget Requirement 2010/11 | | 331.8 |
| Adjustments for | | |
| One-off use of balances | +4.2 | |
| LABGI/LAA Reward Grant | +1.6 | |
| Personal Care at Home | - 2.6 | |
| Back-log maintenance (one-off) | -1.2 | |
| Policy Options 2010/11 only | <u>-2.6</u> | <u>-0.6</u> |
| Revised Budget Requirement | | 331.2 |
| Increased requirements | | |
| Housing Benefits | 2.9 | |
| Economy and Regeneration | 2.1 | |
| Efficiency Investment Budget | 2.0 | |
| Capital financing | 1.9 | |
| Merseytravel | 1.5 | |
| Cultural Services - Recreation | 1.5 | |
| Home Insulation | 1.0 | |
| Early Intervention Grant activities | 1.0 | |
| One Stop Shops | 0.9 | |
| Pension Fund | 0.8 | |
| Pay Inflation | 0.8 | |
| Former Regeneration Department Services | 0.8 | |
| Carbon Reduction Commitment | 0.5 | |
| Energy Contracts | 0.3 | |
| Private Finance Initiative | 0.3 | |
| Other requirements | <u>1.0</u> | +19.3 |
| Reduced requirements | | |
| Efficiencies (see detail in Appendix) | 40.6 | |
| Working Neighbourhood Fund | 8.7 | |
| Housing Benefits | 3.1 | |
| Waste Disposal Authority Levy | 1.1 | |
| Income Inflation | <u>1.0</u> | -54.5 |
| Council Tax Freeze Grant | | -3.3 |
| Contribution from Balances | | -1.2 |
| Budget requirement 2011/12 | | 291.5 |

4.6.2 The Efficiency Investment Budget is allocated by Cabinet towards those schemes that will assist in the delivery of efficiencies. The items approved by Cabinet in the 2010/11 financial year are detailed in Appendix A.

4.6.3 The one year only Policy Options agreed for the 2010/11 financial year have been deleted from the Base Estimate 2011/12 and are detailed in Appendix A.

4.7 EARLY VOLUNTARY RETIREMENT / VOLUNTARY SEVERANCE

4.7.1 Cabinet on 9 December 2010 agreed savings of £24.3 million from the Early Voluntary Retirement / Voluntary Severance Scheme. This was prior to the announcement of the Provisional Local Government Finance Settlement for 2011/13; subject to individuals confirming their acceptance; and a review by Chief Officers which included an assessment of the cost of any necessary restructurings.

4.7.2 The figures below are based on 1,100 individuals leaving the Council between December 2010 and June 2011. Based upon the latest information available, and recognising that the figures will change as a result of those individuals having to formally agree to leave, the projected costs and financing are:-

| Details | 2010/11 £million | 2011/12 £million |
|-----------------------------------|-----------------------------|-----------------------------|
| Cost of severance payments | 12.8 | 8.8 |
| Funding from Capital | | |
| Statutory redundancy element | 3.4 | *3.0 |
| Funding from Revenue | | |
| From part year savings | 1.9 | 0 |
| From pay provision not required | 1.4 | 1.4 |
| From Efficiency Investment Budget | 3.5 | 0 |
| From General Balances | 2.6 | 4.4 |
| Funding | 12.8 | 8.8 |

* Assumed capitalisation bid to be submitted to the Government for 2011/12. There will be no further opportunity to bid for capitalisation in 2010/11.

4.7.3 The saving from the leavers under the Early Voluntary Retirement / Voluntary Severance scheme will increase to £27 million per year after the cost of the pensions have been met.

4.7.4 The costs of re-structurings are being assessed by Chief Officers.

4.8. LOCAL GOVERNMENT FINANCE SETTLEMENT

4.8.1 Whilst the Government Spending Review 2010 set out the plans at a high level for the next four years the Local Government Finance Settlement now details the Government grant support over two years for individual local authorities.

4.8.2 The Provisional Settlement for 2011/13 was announced by the Department for Communities and Local Government (DCLG) on 13 December 2010 and was reported to Cabinet on 13 January 2011. Following the consultation period the Final Settlement was announced on 31 January 2011 and debated in Parliament on 9 February 2011. This confirmed the earlier announcement with only minor adjustments.

4.8.3 The allocation of Formula Grant is through a ‘four block model’:-

- Relative Needs - This block is based upon formulae that cover seven different blocks and is designed to reflect the relative needs of individual local authorities in providing services.
- Relative Resources - This is a negative figure, which takes account of the fact that areas that can raise more income locally require less support from Government to provide services. It seeks to recognise the differences in the local income that individual Councils have the potential to raise.
- Central Allocation - Once the Relative Needs and Relative Resources have been taken into account, the Government distributes the balance of the overall grant available to local authorities on a per capita basis.
- Floor Damping - The mechanism for damping grant changes from year-to-year.

4.8.4 As detailed in the report to Cabinet on 13 January 2011, and subsequently confirmed by the DCLG the Local Government Finance Settlement included for Wirral:-

| Components | 2011/12 | 2012/13 |
|--------------------|-----------|-----------|
| | £ million | £ million |
| Relative Needs | 130.8 | 120.3 |
| Relative Resources | -31.1 | -28.7 |
| Central Allocation | 42.5 | 37.7 |
| Floor Damping | 3.0 | 2.0 |
| Grants Rolled In | 13.6 | 13.5 |
| Final Grant | 158.8 | 144.8 |

4.8.5 As some areas are more reliant upon Government Grant support than others to mitigate the year-on-year changes a damping mechanism has been applied. For the Settlement local authorities are grouped into four bands which are based upon the percentage of the Budget the authority receives from the Government in Formula Grant. Locally Liverpool and Knowsley have been placed in Band 1 and the reduction ‘damped’ at 11.3% for 2011/12 with St. Helens, Sefton and Wirral placed in Band 2 and the reduction ‘damped’ at 12.3% for 2011/12.

4.8.6 In line with the Spending Review announcements there have been significant reductions in the level of other grants. Area Based Grant (ABG) which was worth £41 million to Wirral in 2010/11 has ceased although some elements of ABG and of other Specific Grants have been rolled into Formula Grant. The Dedicated Schools Grant remains a Specific Grant to provide funding to Schools and the full allocation has been included within the Schools Budget 2011/12. It now includes grants totalling £34 million that were previously paid as separate grants. At this stage only figures for 2011/12 have been announced.

| | | |
|-------------------------|----------|----------|
| Dedicated Schools Grant | 2010/11 | 2011/12 |
| | £million | £million |
| Based on pupil numbers | 194.0 | 229.4 |

4.8.7 In the Settlement the Government makes reference to local authorities 'Spending Power'. This is comprised of Formula Grant, Other Grants, Council Tax Freeze Grant, Council Tax receipts and National Health Service support. The latter relates to funding provided for health related care services. It was announced within the Final Local Government Finance Settlement that annual reductions in local government financing will not exceed 8.8% of Spending Power.

4.8.8 In respect of the National Health Service support further information has now been received. This is funding that has been allocated to health authorities but has to be paid to local authorities for spending on jointly agreed initiatives for health related care services. At this stage the income has not been built into the Estimates 2011/12 as the use of the funding has still to be agreed.

| | | |
|------------------------------|----------|----------|
| Spending Power | 2011/12 | 2012/13 |
| | £million | £million |
| Health related care services | 4.9 | 4.7 |

4.8.9 The Government has set aside funding to enable every local, police and fire and rescue authority to be able to freeze Council Tax in 2011/12. This Council Tax Freeze grant is equivalent to the revenue that would have been raised by a 2.5% Council Tax increase. Authorities applying any increase will not receive the grant and the Government reserves the right to take capping action against excessive increases. For 2011/12 it will be excessive if the 2011/12 budget requirement is greater than 92.5% of the 2010/11 budget requirement and the Band D Council Tax increase is more than 3.5% in 2011/12. The Localism Bill published in December 2010 includes provision for the abolition of capping and instead to introduce a referendum to allow local people to approve or veto excessive Council Tax rises. It is expected to be in force from 2012/13.

4.9. COLLECTION FUND

4.9.1 The Collection Fund is a separate fund for the collection and distribution of amounts in respect of Council Tax and National Non-Domestic Rates. The anticipated collection rate is 98.5% and collection above this rate generates a surplus for distribution whilst any under-performance has to be recovered from the Council and the precepting authorities.

4.9.2 The Collection Fund for the year ending 31 March 2011 was reported to Cabinet on 13 January 2011 and is estimated to be in a balanced position. The collection rate is in line with the 2009/10 performance and is on target and I continue to monitor collection performance. As a consequence no surplus or deficit will be received by, or charged to, the General Fund for 2010/11. Cabinet on 9 December 2010 amended the discounts for empty properties which should result in additional income of £1.6 million during 2011/12 of which £1.3 million is due to the Council.

4.10. TAX BASE

4.10.1 The tax base is the number of properties in Bands A-H in the Borough expressed as an equivalent number of Band D units. The distribution of the Formula Grant takes into account the Council Tax base of an authority.

4.10.2 The tax base used in the calculation was reported to Cabinet on 9 December 2010. The tax base of 106,475.8 is adjusted by the estimated collection rate of 98.5% to give an adjusted tax base of 104,879. It is this figure that is used in calculating the Council Tax and the 2010/11 figure shows an increase of 0.2% on the 2010/11 figure.

| Council Tax Band | | Properties | Discounted Dwellings | Band Ratio | Band D Equivalent |
|--|-----------------|------------|----------------------|------------|-------------------|
| A | Up to £40,000 | 58,757 | 47,717.50 | 6/9 | 31,811.7 |
| B | £ 40 - £ 52,000 | 31,041 | 27,151.25 | 7/9 | 21,117.6 |
| C | £ 52 - £ 68,000 | 27,207 | 24,378.75 | 8/9 | 21,670.0 |
| D | £ 68 - £ 88,000 | 13,028 | 11,846.25 | 9/9 | 11,846.3 |
| E | £ 88 - £120,000 | 8,039 | 7,400.00 | 11/9 | 9,044.4 |
| F | £120 - £160,000 | 4,273 | 3,957.25 | 13/9 | 5,716.0 |
| G | £160 - £320,000 | 3,101 | 2,857.00 | 15/9 | 4,761.7 |
| H | Over £320,000 | 271 | 228.50 | 18/9 | 457.0 |
| | | 145,717 | | | 106,424.7 |
| Add : contributions for Government dwellings | | | | | 0.0 |
| Add : Band A Disabled Relief Band D equivalent | | | | | 51.1 |
| Total Council Tax Base 2011/12 | | | | | 106,475.8 |
| Estimated Collection Rate | | | | | x 98.5% |
| Adjusted Council Tax Case 2011/12 | | | | | 104,879 |
| Adjusted Council Tax Base 2010/11 | | | | | 104,690 |

4.11. BALANCES

4.11.1 The budget for 2010/11 was set leaving £6.5 million in balances and the anticipated balances at 31 March 2011 can be summarised below: -

| | £million | £million |
|---|------------|----------|
| Actual Balances at 1 April 2010 | | 10.7 |
| Less | | |
| Used to support 2010/11 budget | 4.2 | |
| Used to support EVR / VS Scheme 2010/11 | 2.6 | |
| Foster Care inflation | <u>0.1</u> | -6.9 |
| Add | | |
| Additional following completion of 2009/10 accounts | 3.0 | |
| Personal Care at Home initiative ceased | 1.0 | |
| Contributions from | | |
| Insurance Fund | 3.4 | |
| Balance Sheet Management Review | <u>1.2</u> | +8.6 |
| Other Variations | | |
| Reduction in Government Grants | -5.5 | |
| Budget reductions related to Government Grants | <u>3.9</u> | -1.6 |
| Projected Balances at 31 March 2011 | | 10.8 |

4.11.2 Having regard to the statutory guidance and the management, control and risks associated with Council finances the general balance should be set as a minimum at 2% of the net revenue budget. For 2010/11 £6.5 million was the acceptable level of balance. With the reduced level of expenditure budgeted for 2011/12 it would be possible to reduce the general balance to £6 million. Other resources are set aside for specific purposes as provisions and reserves and these are established and used in accordance with the purposes intended. All provisions and reserves are reviewed at least twice a year, most recently by Cabinet on 9 December 2010.

4.12. BUDGET SUSTAINABILITY AND PROJECTED BUDGETS

4.12.1 The Council Medium Term Financial Strategy refers to the pressures being faced at both national and local level as the Council seeks to deliver the objectives as set out in the Corporate Plan. The Government has announced overall funding reductions for local authorities of about 30% over a four year period to 2014/15. A two year Settlement has been announced with a further two year Settlement to be announced following a Local Government Resources Review which the Government intends to complete by July 2011. The Medium Term Financial Strategy has been, and the Council Corporate Plan is being, updated to reflect this period. Future year budget projections are regularly updated and reported to Cabinet to enable the continued meeting of the objectives within the available resources.

- 4.12.2 When setting previous budgets reference has been made to the pressures faced through the demands for adult and child care services, meeting the waste agenda, responding to climate change and the increasing need to identify, and deliver, efficiencies. Last year this included responding to the impact of the recession. The restrictions to public sector financing to assist in reducing the public debt as set out in the Government Spending Review places significant pressure upon the financial position of the Council.
- 4.12.3 The Council continues to identify savings, often requiring difficult decisions. The consultation exercise Wirral's Future - Be A Part of It has been important in shaping future priorities and identifying efficiencies. The Government has abolished a number of performance targets including those around efficiencies. The economic situation and Finance Settlement require local authorities to find substantial efficiencies. The overall position, and actions required, will form part of the next Medium Term Financial Strategy and Cabinet will continue to be updated on a regular basis as these actions are developed.

4.13 CORPORATE, DEPARTMENTAL AND FINANCIAL PLANS

- 4.13.1 A revised Corporate Plan should be submitted to Cabinet on 17 March 2011. The Plan will detail the strategic goals, how we will deliver them and how we will measure performance. The Wirral's Future - Be A Part of It consultation has again been important in revising the Corporate Plan.
- 4.13.2 The Corporate Plan will be supported by departmental plans that provide further detail of those responsible for delivering the Corporate Plan objectives.
- 4.13.3 The Council Budget shows how resources are used to deliver the Plan and updated Estimates will be presented to Cabinet to reflect the agreed Budget 2011/12. This will show departmental budgets and also include details of the Insurance Fund, Capital Programme, Schools and Carbon Budgets.

4.14. REVENUE ESTIMATES

- 4.14.1 This report identifies the latest position regarding the draft Budget for 2011/12 including the impact of the Local Government Finance Settlement, agreed growth and savings. The position is reflected in the Summary of General Fund Estimates - Gold Sheet.
- 4.14.2 Appendix A contains the summary revenue estimates together with details of agreed savings, treatment of Policy Options and use of the Efficiency Investment Budget.

5.0 RELEVANT RISKS

5.1 In considering the annual budget the main financial risks are:-

| Risk | Actions to mitigate the risk |
|---|---|
| Savings not delivered | Appraisal / identification of issues at outset. Regular monitoring of all budgets. Revised Governance arrangements for the Change Programme. Use of balances to offset unplanned variations. |
| Savings lead to unplanned service impacts | Corporate Plan / Departmental plans clear on aims. Service impact assessments of EVR/VS scheme. Service re-provision arrangements. |
| Service spend under-estimated (impact of demand lead areas) | Regular monitoring of volatile budget areas. Use of balances to meet unplanned variations. |
| Government grant funding is not as expected | Lobbying of Government with support groups. Settlement only covers 2 years with 4 year overview. Medium Term Financial Plan includes for regular Budget Projections updates. |
| Inflation levels vary from those projected | Pay awards and proposals are predicted. Use of balances to meet unplanned variations. |
| Balances are insufficient | Set at recommended level. Regular monitoring and twice yearly review. |
| Income from Council Tax below expected levels | Annual review of tax base. Monitoring of collection rates. |

6.0 OTHER OPTIONS CONSIDERED

6.1 There are none to be considered in respect of this report.

7.0 CONSULTATION

7.1 The major consultation exercise Wirral's Future - Be A Part of It was fundamental in shaping future priorities and identifying efficiencies. The consultation is informing both the Corporate Plan and the supporting financial plan.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications for these groups from this report.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

9.1. The financial implications are detailed within the report.

STAFFING

9.2. There are no direct staffing implications arising from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

REPORT AUTHOR: Tom Sault
Head of Financial Services
telephone: 0151 666 3407
email: tomsault@wirral.gov.uk

APPENDIX

Draft Summary Revenue Estimates 2011/12.

REFERENCE MATERIAL / SUBJECT HISTORY

| Council Meeting | Date |
|---|------------------|
| Cabinet - Provision Local Government Finance Settlement 2011/13 | 13 January 2011 |
| Cabinet - Budget Projections 2011/13 (latest update) | 13 January 2011 |
| Cabinet - Collection Fund | 13 January 2011 |
| Cabinet - Tax Base 2011-12 | 9 December 2010 |
| Cabinet - Balance Sheet Management | 9 December 2010 |
| Cabinet - Insurance Fund Budget 2011-12 | 25 November 2010 |
| Cabinet - Medium Term Financial Strategy 2011/15 | 4 November 2010 |

WIRRAL COUNCIL

SUMMARY OF GENERAL FUND ESTIMATES

| | BASE ESTIMATE 2010/11 £ | CURRENT ESTIMATE 2010/11 £ | BASE ESTIMATE 2011/12 £ |
|---|----------------------------------|-------------------------------------|----------------------------------|
| EXPENDITURE | | | |
| Departmental budgets | 309,262,300 | 303,322,200 | 266,299,700 |
| Merseytravel | 27,344,000 | 27,344,000 | 28,817,000 |
| Local Pay Review | 1,130,800 | 956,300 | 956,300 |
| LABGI Grant | (200,000) | 0 | 0 |
| LAA Grant | (1,400,000) | 0 | 0 |
| Council Tax Freeze Grant | 0 | 0 | (3,285,000) |
| Contribution to fund EVR / VS Scheme | 0 | 2,600,000 | 4,400,000 |
| Net budget | 336,137,100 | 334,222,500 | 297,188,000 |
| Contribution from balances | (4,354,000) | (4,994,400) | (1,244,000) |
| Contribution from balances (EVR / VS) | 0 | (2,600,000) | (4,400,000) |
| BUDGET REQUIREMENT | 331,783,100 | 326,628,100 | 291,544,000 |
| INCOME | | | |
| Revenue Support Grant | 20,016,300 | 20,016,300 | 37,498,000 |
| National Non Domestic Rate | 137,844,200 | 137,844,200 | 121,312,000 |
| Area Based Grant | 42,725,000 | 37,570,000 | 0 |
| Council Tax Income | 131,197,600 | 131,197,600 | 131,434,000 |
| Collection Fund Surplus | 0 | 0 | 1,300,000 |
| TOTAL INCOME | 331,783,100 | 326,628,100 | 291,544,000 |
| STATEMENT OF GENERAL BALANCE | | | |
| General Balance at 1 April | 10,723,000 | 10,723,000 | 10,795,600 |
| Adjustment (following 2009/10 outturn) | 0 | 3,035,000 | 0 |
| Contribution from Insurance Fund | 0 | 3,400,000 | 0 |
| Contribution from Reserves / Provisions | 0 | 1,232,000 | 0 |
| Budgeted contribution | (4,354,000) | (7,594,400) | (5,644,000) |
| GENERAL BALANCE AT 31 MARCH | 6,369,000 | 10,795,600 | 5,151,600 |

WIRRAL COUNCIL
SAVINGS AGREED 2011/12

| Department and scheme | £000 |
|--|---------------|
| Adult Social Services | |
| Employees under EVR/VS Scheme | 10,528 |
| Market Management Review | 5,368 |
| Reprovision Respite and Interim Care | 498 |
| Area Based Grant | 50 |
| Transport | 130 |
| Children and Young People | |
| Employees under EVR/VS Scheme | 5,343 |
| Area Based Grant | 1,799 |
| Transfer Extended Schools | 87 |
| Contribution to Healthy Schools | 94 |
| Family Group Conferencing | 70 |
| Early Intervention Grant (net) | 572 |
| Corporate Services | |
| Employees under EVR/VS Scheme | 892 |
| Area Based Grant | 2,531 |
| Working Neighbourhood Fund | 239 |
| Finance | |
| Employees under EVR/VS Scheme | 3,511 |
| Procurement (to be allocated over departments) | 2,000 |
| Printing Review (to be allocated over departments) | 250 |
| Electronic Payment Development | 200 |
| Discretionary Rate Relief | 337 |
| Insurances | 526 |
| Reduction in Capital Financing | 370 |
| Law, HR and Asset Management | |
| Employees under EVR/VS Scheme | 1,634 |
| Transfer and disposal of Assets | 481 |
| Office Rationalisation | 368 |
| Energy Efficiency | 80 |
| Area Based Grant | 2 |
| Technical Services | |
| Employees under EVR/VS Scheme | 2,096 |
| Parks Procurement | 200 |
| Traffic Management | 150 |
| Highways Asset Management System | 100 |
| Street Lighting | 50 |
| Area Based Grant | 66 |
| Total Savings | 40,622 |

WIRRAL COUNCIL

EFFICIENCY INVESTMENT BUDGET

The Efficiency Investment Budget allocated by Cabinet towards those schemes that will assist in the delivery of efficiencies and comprise both 'one-off' items as well as permanent changes to departmental budgets. The following were approved by Cabinet in the 2010/11 financial year:-

| Department and scheme | 2010/11 £ |
|---|----------------------|
| Adult Social Services | |
| Reform Team | 518,000 |
| Assistive Technology | 1,000,000 |
| Children and Young People | |
| Family Group Conferencing | 138,000 |
| Building Schools for the Future | 100,000 |
| Corporate Services | |
| No Schemes | 0 |
| Finance | |
| Procurement Team | 1,365,000 |
| Customer Services Team | 261,000 |
| VAT Recovery | 58,000 |
| Strategic Change Programme Auditor | 43,000 |
| Invoice Automation System | 28,000 |
| Law, HR and Asset Management | |
| No Schemes | 0 |
| Technical Services | |
| Change Team | 676,000 |
| Energy Efficiency | 188,000 |
| Parks and Country Services Procurement Exercise | 150,000 |
| EVR / VS Scheme 2010/11 | 3,475,000 |
| Total Budget | 8,000,000 |

WIRRAL COUNCIL
POLICY OPTIONS 2010/11

The following were agreed for 2010/11 only when setting the 2010/11 Budget.

| Department and scheme | £ | Actions |
|--|------------------|---|
| Adult Social Services | | |
| Assistive Technology | 400,000 | One-off support whilst savings delivered. The scheme is now under review. |
| Corporate Services | | |
| You Decide (winter resilience) | 55,000 | Cabinet on 13 January 2011 agreed winter resilience budget for 2011/12. |
| Apprentices | 500,000 | Cabinet on 9 December 2010 agreed funding for schemes. |
| Community Transfers | 1,362,000 | Leasowe and Guinea Gap are now in the Base Budget. |
| Coordination of Ethnic Minority Services | 30,000 | Council support for the post was for 2010/11 and 2011/12. |
| Finance | | |
| Get Into Reading | 100,000 | Pilot project with resources for 2010/11 only. Project still to be concluded. |
| Law, HR and Asset Mgt | | |
| Energy Grants | 66,000 | One-off funding made available to support community groups. |
| Alcohol Harm (preventing under age sales) | 40,000 | One-off funding to maintain scheme in 2010/11. |
| Technical Services | | |
| Promotion of Carbon Reduction | 30,000 | One-off funding to set-up the web-tools which have been widely promoted in 2010/11. |
| Total | 2,583,000 | |