

# WIRRAL COUNCIL

## COUNCIL

5 MARCH 2013

<b>SUBJECT</b>	<b>REVENUE BUDGET 2013/14</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>INTERIM DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

1.1 This report provides the proposed Budget for 2013/14 and the projections for 2014/15 and 2015/16.

1.2 Council agreed the Council Tax Base for 2013/14 on 28 January 2013.

1.3 Cabinet at its meeting of 18 February agreed a budget resolution for 2013/14 (Appendix 1).

1.4 A summary of the General Fund Estimates is set out at Appendix 2 to the report.

### 2.0 BACKGROUND AND KEY ISSUES

#### BASE BUDGET

2.1 The Budget projections, and the analysis of changes, are set out at Appendix 3:

**Table 1 Budget Projection Summary**

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	£000	£000	£000
Projected Net Expenditure	325,573	354,873	369,173
Projected Funding	273,064	259,480	246,967
Funding Gap	52,509	42,884	26,813
Cumulative Funding Gap	52,509	95,393	122,206

#### SAVINGS

2.2 At their meeting of 8 November 2012, Cabinet agreed savings of £11.185 million over the 3 years of the budget strategy; further savings are set out in the Cabinet's Budget Resolution agreed at their meeting of 18 February 2013. Table 2 provides a summary of the savings agreed by Cabinet.

**Table 2 Cabinet Approved Savings**

	2013/14	2014/15	2015/16	Total
	£000	£000	£000	£000
Savings Agreed 8 November	7,185	2,000	2,000	11,185
Saving Agreed 18 February				
- Transformation & Resources	22,013*	6,993	7,675	36,681
- Families & Wellbeing	12,960	5,509	4,320	22,789
- Regeneration & Environment	6,187	2,526	433	9,146
<b>TOTAL SAVINGS AGREED</b>	<b>48,345</b>	<b>17,028</b>	<b>14,428</b>	<b>79,801</b>

\* Includes proceeds of 2% Council Tax Increase £2.6 million.

### **BALANCES AND RESERVES**

- 2.3 The savings agreed by cabinet represent a significant proportion of our net revenue budget. Cabinet recognised this and agreed that £2.0 million be set aside as a provision for potential delays in implementation of our savings programme. In addition there will be costs, yet to be quantified, in implementing our change management programme, it is recommended that £4 million is set aside as a provision to meet these costs.

**Table 3 General Fund Balance 2013/14**

	£000
Balance at 31 March 2013	23,800
Less Contribution 2013/14	-4,164
Less Provision for Slippage	-2,000
Less Change Management Implementation Fund	-4,000
<b>Balance at 31 March 2014</b>	<b>13,636</b>

### **COUNCIL TAX**

- 2.4 The Government has announced that a Council Tax Freeze Grant will be available for 2013/14 for Councils which freezes Council Tax levels in 2013/14. This is the equivalent of a 1% Council Tax rise, based upon the 2012/13 levels, and for Wirral equates to £1.3 million. This sum will be payable for both 2013/14 and 2014/15 only.
- 2.5 If the Council agreed to increase Council Tax level then the Government has again imposed the requirement for a Council Tax Referendum for increases of 2%. The calculation of the Referendum 'trigger' amount is complex and excludes levies. As an example :- if Wirral elected to opt for a 2% increase in Council Tax the figure under the Referendum calculation would be 1.6% and

the income generated would be £2.6 million which would then be part of the Base Budget for future years.

### **3.0 RELEVANT RISKS**

3.1 For 2013/16 there will be significant changes to the financing of local government which includes the changes in respect of the Formula Grant and also Business Rates. The latter places an increased risk upon local authorities as they will benefit from a share of any increased revenues but also liable for at least a share of any falls in income (subject to the safety net triggers) and any non-collection. There will also be increased losses on Council Tax collection arising from the localisation of Council Tax Benefit.

3.2 The Government has indicated that the austerity measures outlined in the Spending Review for 2011/15 will continue beyond 2015 and until at least 2018. In the Autumn Statement on 5 December 2012 the Chancellor announced that there would be a further 2% reduction in local government support from 2014/15 and that there would be a Spending Review in 2013.

3.3 The Audit Commission have recently reported upon a 36% rise in the level of reserves held by local authorities from 2007 to 2012. The Commission recommended that authorities should improve their decision-making about the appropriate levels of reserves.

3.4 In recognising the changing financial environment in which the Council operates Cabinet on 29 November 2012 agreed to a risk-based approach being adopted for setting the level of General Fund Balances. Cabinet agreed that the risk based approach should set General Fund Balances at £21.1 million in 2013/14, £19.6 million in 2014/15, and £15.0 million in 2015/16. At its meeting of 18 February Cabinet revised the risk calculation for 2013/14 to £13.0 million, given the new information now available.

### **4.0 OTHER OPTIONS CONSIDERED**

4.1 All areas of the Council's budget have been reviewed as part of the budget setting process.

### **5.0 CONSULTATION**

5.1 The findings from the What Really Matters consultation that ran from 10 September 2012 to 19 October 2012 were reported to Cabinet on 8 November 2012 and subsequently to Overview & Scrutiny Committees.

5.2 The second stage began on 23 November 2012 and ran to 31 January 2013. The options were proposed by the Chief Executive and the results reported to Cabinet on 7 February 2013.

5.3 Where legally required to undertake a more formal consultation in respect of individual options then this more specific consultation will be carried out.

## **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 Where budget options recommend a reduction or removal of a public service, discussions will take place with appropriate alternative service providers to ascertain if the impact would result in increased demand for services from the alternative providers. This will include voluntary and community sector groups and organisations.

## **7.0 RESOURCE IMPLICATIONS**

- 7.1 As set out in paragraph 2.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 The Council is required to agree a Budget for 2013/14 by 10 March 2013. The report concerns the duty of the Council to avoid a budget shortfall which is not just an academic exercise in balancing the books. The Chief Finance Officer of a local authority has a personal duty under Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 8.2 If the Chief Finance Officer reports that there are insufficient resources to meet expenditure, the Council is prevented from entering into any new agreement which may involve the incurring of expenditure at any time by the authority, until the report is considered, and if the problem is ongoing until it is resolved. It is remarkably broad in its prohibition of new agreements, no matter what their scale. It would not only prevent the authority from hiring new staff or letting new construction contracts, but from ordering minor office supplies.

## **9.0 EQUALITIES IMPLICATIONS**

- 9.1 When taking Budget decisions the individual decisions may have Equality Implications. Equality Impact Assessments have been completed in relation to the options and these will be re-assessed as the options progress and updated where appropriate. A cumulative assessment will accompany the Budget proposal.

## **10.0 CARBON REDUCTION IMPLICATIONS**

- 10.1 There are no implications arising directly from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 11.1 There are no implications arising directly from this report.

## 12.0 RECOMMENDATIONS

12.1 Council approve a Revenue Budget for 2013/14 as detailed in Appendix 1 of the report.

## 13.0 REASON FOR RECOMMENDATION

13.1 Council are required to approve a budget by 10 March 2013.

**REPORT AUTHOR:** Jim Molloy  
Finance Department  
Telephone: 0151 666 3054  
Email: jimmolloy@wirral.gov.uk

## APPENDICES

Appendix 1  
Appendix 2  
Appendix 3

## REFERENCE MATERIAL

Budget - HM Treasury - March 2011.  
Independent Public Service Pensions Commission Report - March 2011.  
Spending Review - HM Treasury - October 2010.  
Medium Term Financial Strategy 2012/15 - October 2011.  
Local Government Finance Settlement 2012/13 - DCLG – January 2012.  
Council Budget 2012/13 - March 2012.  
Autumn Statement – HM Treasury – December 2012.  
Local Government Finance Settlement 2013/15 - DCLG - February 2013.

## SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Cabinet	
Budget Projections	19 July 2012
What Really Matters Consultation Findings	8 November 2012
Level Of General Fund Balances	29 November 2012
Cabinet	20 December 2012
Cabinet	18 February