

APPENDIX 1

SAVINGS 2015/16 TO 2016/17

FAMILIES AND WELLBEING	2015/16 £000	2016/17 £000
Leisure Review	1,000	0
West Kirby Marine Lake	25	0
Schools Budget	2,300	0
School Redundancy Costs	350	0
Working Together with Schools	580	220
Transport Policies	526	460
Early Intervention to Support Families	1,950	0
Family, Parenting and Youth Commissioning	500	100
Children's Centres	1,500	0
CYP Departmental Efficiencies	400	0
Troubled Families	800	0
Careers Information and Advice	100	0
All Age Disability Service	600	0
Managing Buildings	458	0
Shared Services and Integration	10	1,200
Commissioning and Contracting	165	0
Service Design and Improvement	1,975	0
Targeted Support through NHS Contracts	994	0
Day Care and Day Services Transformation	950	0
Girtrell Court	385	0
Promoting Independence	900	0
Reduction in Long Term Placements	500	0
Asset Based Approaches	750	0
Care for Older People	250	0
Supported Living Contract Efficiencies	230	0
Savings Achieved from Public Health investment	4,000	0
Families and Wellbeing Total	22,198	1,980

REGENERATION AND ENVIRONMENT	2015/16 £000	2016/17 £000
Garden Waste Collection Service	393	0
Regeneration General Running Costs	40	0
Floral Pavilion Review	300	0
Williamson Art Gallery	250	0
Preventative Maintenance	370	0
Commemorations, Registrations and Memorials	100	100
Allotments, Bowling and parks	35	0
Parking at Fort Perch Rock	25	10
Litter and Dog Fouling Enforcement	31	0
Environmental Health / T Standards Merged Service	85	0
Street lighting LED conversion	100	390
Schools Ground Maintenance	70	45
Street works Permits	100	100
Parking Enforcement Contract	20	60
Waste Contract Changes	700	300
Alley Gating	22	0
Housing: New build rental income	60	0
Supporting People Contract Efficiency	150	0
Pre-advice Income	5	0
Invest Wirral budget support	25	0
Review of Community Safety	185	0
Regeneration and Environment Total	3,066	1,005

TRANSFORMATION AND RESOURCES	2015/16 £000	2016/17 £000
Reducing the Cost of Democracy	130	25
Libraries and One Stop Shops	307	0
IT and Telecommunications	70	0
Managing the Money	30	0
Improving Access to the Council	69	0
Shared Service Coroners	50	0
Treasury Management cost reductions	1,700	0
Telecommunications and printing	135	120
Council Tax Over 70s Discount	600	0
Salary Sacrifice Scheme	30	0
Insurances	88	0
Advertising income	110	0
Transaction Centre: Postal and Cashiers	141	0
Transformation and Resources Total	3,460	145

CORPORATE / EFFICIENCIES	2015/16 £000	2016/17 £000
Council Tax Freeze Grant	1,300	0
Business Rates	2,000	0
Remodelling the Council	4,500	0
Senior Management Restructure	1,500	0
Corporate / efficiencies Total	9,300	0

SUMMARY OF THE SAVINGS	2015/16 £000	2016/17 £000
Families and Wellbeing	22,198	1,980
Regeneration and Environment	3,066	1,005
Transformation and Resources	3,460	145
Corporate / Efficiencies	9,300	0
TOTAL	38,024	3,130

GROWTH SUBMISSIONS 2015/18

DIRECTORATE	DESCRIPTION	2015/16	2016/17	2017/18
		£000	£000	£000
	DEMOGRAPHIC GROWTH			
Families Children's	Increase in Special Guardianship and Adoption numbers	410	410	400
Families Adults	Increase in Demand (Young Adults with Learning Disabilities)	930	934	940
Families Adults	Increased demand Older People	949	937	940
	Demographic Growth	2,289	2,281	2,280
	OTHER GROWTH			
Families Children's	Staying Put Policy	100	0	0
Families Children's	Leasowe Millennium Centre	76	0	0
Families	Social Workers – new pay structure	400	200	200
Regeneration	United Utilities Standing Water Charges	0	92	0
Regeneration	New System for administering Resident Parking Schemes (Year 2)	-10	0	0
Regeneration	Biffa Property Uplift	13	15	0
Regeneration	Selective Licensing of Landlords (Year 2)	-163	0	0
Regeneration	Prevention and support services (presently from Community Fund)	500	0	0
Regeneration	Housing Standards and Renewal (presently from Community Fund)	250	350	0
Regeneration	Housing Options/Homeless Prevention Team (presently from Community Fund)	0	400	0
Transformation	Council Tax Support Scheme: Uprating	266	0	0
Transformation	Marketing	100	0	0
Transformation	Elapsing of unpaid leave 3 year savings option	0	1,400	0
	Other Growth	1,532	2,457	200

DIRECTORATE	DESCRIPTION	2015/16	2016/17	2017/18
		£000	£000	£000
	INFLATION			
Families Children's	Increasing Fostering & Adoption Allowances	200	200	200
Families Children's	PFI Affordability Gap	150	150	150
Families Children's	Teacher Retirement Costs	60	60	60
Families Children's	Transport Contracts	0	70	70
Families Children's	Energy and CRC Allowances price increases	160	0	0
Families Adults	Contract inflation	843	852	850
Regeneration	Highway Services Contract	48	0	0
Regeneration	Contract for Parking Enforcement Services	15	15	20
Regeneration	Biffa Contract Inflation	338	348	200
	Inflation	1,814	1,695	1,550
	UNALLOCATED AND HELD CENTRALLY			
Corporate	Levies	0	900	900
Corporate	Pension Deficit	400	400	0
Corporate	Pension Revaluation	0	0	2,500
Corporate	National Insurance Rate Change (+3.4%)	0	3,500	0
Corporate	Capital Financing	0	0	1,000
Corporate	Pay Inflation	1,500	3,000	2,500
Corporate	Price Inflation	0	0	500
Corporate	Education Services Grant	1,100	500	300
Corporate	Unallocated Growth and Inflation	398	1,865	2,270
	TOTAL UNALLOCATED GROWTH	3,398	10,165	9,970
	TOTAL GROWTH	9,032	16,598	14,000

FEES AND CHARGES

1.0 EXECUTIVE SUMMARY

1.1 In accordance with best practice, fees and charges the authority should be reviewed on a regular basis. Whilst this is undertaken by Directorates it is good practice for the Council to maintain, and publish, a comprehensive Directory of Fees and Charges.

2.0 BACKGROUND AND KEY ISSUES

CHARGING POLICY AND DIRECTORY

2.1 The development and implementation of a Corporate Charging Policy is a key strand of the Council's Annual Budget Strategy in order to:

- Ensure that current charges are set and uplifted correctly.
- Ensure collection of fees and charges in an effective and efficient manner.
- Take an active approach in identifying and implementing new charging opportunities.
- Ensure the approach to charging helps the achievement of the Council's overall strategic goals.

2.2 Directorates have examined their fees and charges for the 2015/16 financial year and set them according to the circumstance of their services. A comprehensive Directory of Fees and Charges containing a description of the charge, VAT status and the charges covering the new and previous years is held on the Council web-site and updated at least annually.

REVIEW OF CHARGES FOR 2015/16

2.3 Of the proposed fees and charges for 2015/16, 70% are unchanged from 2014/15. Changes resulting from new legislation or from savings agreed by the Council have been included in the Directory. Some have to be finalised and will be confirmed prior to publication of the Directory before 1 April 2015.

2.4 Under the Council Constitution Financial Regulations - Chief Officers are responsible for establishing a charging policy for the supply of goods and services, and, in consultation with the Director of Resources, for reviewing annually the levels of fees and charges relating to services under their control.

INFLATION

2.5 For 2015/16, no general inflationary increase was applied. This reflected the difficulties the Council had faced in achieving income targets in previous years. Whilst adjustments were made to Budgets in previous years the ongoing economic situation meant that a general increase would potentially result in further unachievable budgets.

TRADING SERVICES

- 2.6 Charges for Hackney Carriage and Private Hire Licences are an example of a Trading Service. These charges are ring-fenced to only pay for the service. The current fees and charges are sufficient to cover the costs of the service and therefore any increase is prohibited.
- 2.7 Building Regulation Charges are a complex issue. The Council is required by Statute to recover the costs of the charge earning element of work over a rolling three year accounting period. Fees are set to recover costs provided that they are set within 'a scheme'. Guidance issued to authorities to aid the establishment of the appropriate charges dictates that the method of establishing the hourly rate must be indicated and potential applicants must be advised of the charge together with the level of service they will receive upon application. Given the complexity of the charging regime and the wide range of different scenarios the building control charges have been included in as separate schedules.

DISCRETIONARY CHARGES

- 2.8 Increases in fees and charges may impact upon certain groups such as those on lower incomes. Policies to offer discounts or apply means tests may help to mitigate these impacts. The implications of specific charges will be addressed by the relevant Chief Officer when implementing any changes.
- 2.9 The largest source of income is from Adult Social Care charges which are presently being consulted upon as part of the Budget 2015/16. Once confirmed they will be incorporated into the Council fees and Charges Schedule.
- 2.10 The largest range of income is that encompassing leisure and cultural service activities. Possible changes to leisure and cultural services fees and charges are being considered as part of a general review of these services. To maximise income and enable changes to be implemented Council is to be requested to approve delegated authority to the relevant Portfolio Holder and Strategic Director, in consultation with the Director of Resources / Acting Section 151 Officer, to vary fees and charges. Fees and charges are currently approved by Cabinet and Council annually with any in year changes reported to Cabinet. The proposed introduction of delegated authority for changes to existing charges is to enable the service to maximise income generating opportunities without delay.

- 2.11 Car parking is a significant source of income. Parking fees continue to be regularly reviewed having regard to competing providers as well as highways and traffic management issues. A comprehensive review of parking has been undertaken during 2014/15 with the outcome reported for consideration by Cabinet on 10 February 2015. Any changes agreed will be incorporated within the Fees and Charges Schedule.

3.0 RELEVANT RISKS

- 3.1 Whilst budgets for income from fees and charges are set having regard to whether they are statutory or discretionary the achievement of the level of income can be influenced by a number of factors including the local economic situation. These are mitigated by the annual review and the budgets are amended where required to reflect what is deemed unachievable.

4.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 4.1 Income from Fees and Charges is an integral part of the Council Budget.

5.0 RECOMMENDATIONS

- 5.1 That the Directory be noted and Delegated Authority be given to the Director of Resources / Acting Section 151 Officer to update the Directory as charges are finalised prior to publication before 1 April 2015.
- 5.2 That delegated authority be given to the relevant Portfolio Holder and Strategic Director, in consultation with the Director of Resources /Acting Section 151 Officer, in respect of varying charges particularly for leisure and cultural activities.

Note

The draft Fees and Charges Directory can be accessed through the Background Documents to this Agenda Item.

LEVEL OF GENERAL FUND BALANCES

1.0 EXECUTIVE SUMMARY

1.1 This Appendix sets out the level of General Fund balances the Council maintains and the approach that has been used to determine this level.

2.0 BACKGROUND AND KEY ISSUES

INTRODUCTION

2.1 Sound financial management principles require that sufficient funds are retained by the Council to provide a stable financial base at all times. To retain this stable financial base the Council needs to maintain a General Fund balance that is sufficient to provide a financial reserve for unanticipated expenditure and/or expenditure that is of an unforeseen, emergency nature.

2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to Councils on the assessment of the adequacy of unallocated general reserves. This recommends that an assessment of risks both external and internal should take place when the Council is setting its annual budget. The Grant Thornton report on Financial Resilience at Wirral Council made reference to the need for robust financial control and the continuing financial challenges. The Council needs to have in place arrangements to ensure its' sustainable financial health and have measures in place to mitigate against financial risks. One aspect of this is the maintenance of sufficient General Fund balances.

LOCALLY DETERMINED LEVEL OF GENERAL FUND BALANCES

2.3 The level should be based on the Council's own specific circumstances. Grant Thornton in their report of December 2014, "Rising to the Challenge: the evolution of local government" identified best practice as follows:

- The Council operates within a locally determined appropriate level of reserves and balances.
- The General Fund balance is maintained at or above the locally agreed minimum level.

2.4 The setting and justification of General Fund balances is part of the Council Medium Term Financial Strategy. It is crucial the Council has sufficient balances, and earmarked reserves, to maintain financial standing and resilience. For local authorities there is no statutory minimum level and it is for each Council to take a view on the required level having regard to matters relevant to its local circumstances.

- 2.5 CIPFA guidance issued in summer 2014 states that in order to assess the adequacy of unallocated general reserves the Chief Financial Officer should take account of the strategic, operational and financial risks facing their authority. The assessment of risks should include external risks, such as natural disasters as well as internal risks such as the achievement of savings. The Local Government Finance Act 1992 required Councils to consider their level of reserves at least once a year.
- 2.6 CIPFA state that the financial risks should be assessed in the context of the Council's overall approach to risk management. In its paper "Local Authority Reserves and Balances" the following factors are relevant to determining the level of balances.
- The treatment of inflation and interest rates.
 - Estimates of the level and timing of capital receipts.
 - The treatment of demand led pressures.
 - The treatment of planned efficiency savings/productivity gains.
 - The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments.
 - The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.
 - The general financial climate to which the authority is subject.
- 2.7 In determining the appropriate level of balances the Council takes account of the strategic, operational and financial risks facing the Council. In planning the financial future and the level of reserves the Council takes into account of the main risks and uncertainties including:-
- Legislative changes
 - Inflation and Interest Rates
 - Grants
 - Volume and Demand Changes
 - Budget Savings
 - Insurance and Claims
- 2.8 This approach commenced in November 2012 and has been reviewed further following the CIPFA guidance. A consideration of the risks faced by and the financial circumstances of Wirral for the coming three years have been made. The risk factors used on the Councils assessment are similar to those recommended by CIPFA guidance. It proposes a minimum level which the Council must work towards funding and updates the previous assessment of February 2014.

FINANCIAL RESILIENCE: REDUCTIONS TO RISK AND MITIGATION

- 2.9 The Revenue Monitoring throughout 2014/15 has shown that the Council has been overspending in specific areas. Work continues to balance the outturn for this financial year so that it is delivered within the resources available. At December 2014 (Month 9) the projected overspend was £0.82 million. The process for the 2015/16 Budget has been enhanced with work undertaken on a risk assessment of all savings.
- 2.10 Based upon the approach set out above and having regard to both the current financial position and the Budget for 2015/16 and beyond the calculation has been updated and is detailed in the Annex.

SUMMARY OF THE ASSESSED GENERAL FUND BALANCES

	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Assessed level February 2013	17.7	13.1	-	-
Assessed level February 2014	17.3	15.4	13.9	-
Assessed level February 2015	17.3	17.4	17.3	17.0

- 2.11 The February 2015 assessment for 2015/16 is an increase on the amount that previously projected for February 2014. This includes revisions to the risks in relation to the capital receipts, the Better Car Fund and new delivery models that the Council is moving towards. Changes to risk on the waste levy and inflation on transitional payments have been made to reflect revised assessment of risk in these areas.
- 2.12 The 2014/15 General Fund balance risk calculation is for a minimum of £17.3 million at 31 March 2015 and the level to be achieved for 2015/16 is £17.4 million. The latest Monitoring Report (November 2014 - Month 9) showed:-

SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details		£m
Balance 31 March 2015 when setting the Budget 2014/15		+17.3
Less: Potential overspend, at Month 9	-0.8	
Add: Additional New Homes Bonus	+0.2	-0.6
Projected balance 31 March 2015		16.7

- 2.13 Based upon the target for 31 March 2015 the current projections show the Council will not achieve the target level of balances for 2014/15 and 2015/16. Further work is required to identify funding to supplement the balances to reach the required level.

3.0 RELEVANT RISKS

- 3.1 The Council needs to have good financial resilience at a time of increasing financial pressures and in difficult economic times. The holding of sufficient funds is part of the move to improve resilience. The locally and risk based approach to the level of General Fund balance is in line with the achievement of this approach.
- 3.2 The calculation of the level of General Fund balances is based upon an assessment of risk against a series of key areas which takes into consideration the specific issues as they affect Wirral.
- 3.3 Setting General Fund balances to a % of the net budget or at a level of balances based on the level of regular Council expenditure and income eg two months of regular expenditure and income do not assess the specific circumstances that the Council faces.

4.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

- 4.1 The locally determined approach to General Fund Balances results in an assessed level of balances.

5.0 RECOMMENDATIONS

- 5.1 The level of General Fund balances recommended continues to be based on a locally determined approach to the assessment of the financial risks that the Council may face in the future.
- 5.2 The Council maintains its level of balances at, or above, the locally determined level of General Fund balances.

RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES

ANNEX

2014/15			Area of Risk	2015/16			2016/17			2017/18		
Budget £000	Risk Level	Value £000		Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000
			Legislative Changes									
Detail below			Formula Grant / Business Rates									
32,525	2.00%	650.5	Local Business Rates Income	33,276	2.00%	665.5	33,276	2.00%	665.5	33,276	2.00%	665.5
23,800	2.00%	476.0	Council Tax Benefit	23,800	2.00%	476.0	23,800	2.00%	476.0	23,800	2.00%	476.0
0	0.00%	0.0	Council Tax Grant Reduction	0	0.00%	0.0	0	0.00%	0.0	0	0.00%	0.0
From 2016/17			Health & Social Care Act				20,000	2.00%	400.0	40,000	4.00%	1,600.0
From 2015/16			Bail in Arrangements	1,000	9.00%	90.0	1,000	9.00%	90.0	1,000	9.00%	90.0
14,687	3.00%	440.6	Waste Levy - recycling target	0	3.00%	0.0	0	3.00%	0.0	0	3.00%	0.0
3,750	3.00%	112.5	Single Status	3,000	3.00%	90.0	3,000	3.00%	90.0	3,000	3.00%	90.0
74,762		1,679.6		61,076		1,321.5	81,076		1,721.5	101,076.0		2,921.5
			Inflation									
129,115	0.10%	129.1	Employees	121,286	0.10%	121.3	121,286	0.10%	121.3	121,286	0.10%	121.3
17,146	0.75%	128.6	Premises	15,208	0.75%	114.1	15,208	0.75%	114.1	15,208	0.75%	114.1
7,222	1.00%	72.2	Transport	6,631	1.00%	66.3	6,631	1.00%	66.3	6,631	1.00%	66.3
117,211	1.00%	1,172.1	Supplies	123,881	1.00%	1,238.8	123,881	1.00%	1,238.8	123,881	1.00%	1,238.8
119,558	0.50%	597.8	Services	122,501	0.50%	612.5	122,501	0.50%	612.5	122,501	0.50%	612.5
140,727	1.00%	1,407.3	Transfer	143,656	0.00%	0.0	143,656	0.00%	0.0	143,656	0.00%	0.0
44,000	1.00%	440.0	Capital Programme	30,000	3.00%	900.0	30,000	1.00%	300.0	30,000	1.00%	300.0
574,979		3,947.1		563,162		3,053.0	563,162		2,453.0	563,162		2,453.0
			Interest Rates									
12,644	0.00%	0.0	Borrowing	12,644	0.00%	0.0	12,644	0.00%	0.0	12,644	0.00%	0.0
875	0.00%	0.0	Investment	875	0.00%	0.0	875	0.00%	0.0	875	0.00%	0.0
13,519		0.0		13,519		0.0	13,519		0.0	13,519		0.0

2014/15			Area of Risk	2015/16			2016/17			2017/18		
Budget £000	Risk Level	Value £000		Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000	Budget £000	Risk Level	Value £000
			Grants and Partnerships									
140,036	0.50%	700.2	Housing Benefits incl Admin Grant	140,727	0.50%	703.6	140,727	0.50%	703.6	140,727	0.50%	703.6
62,486	1.00%	624.9	Other General Fund Grants	60,286	0.50%	301.4	58,086	0.50%	290.4	55,886	0.50%	279.4
From2015/16			Better Care Fund	30,000	1.00%	300.0	30,000	1.00%	300.0	30,000	1.00%	300.0
From2015/16			Alternative Delivery operation			200.0			500.0			600.0
202,522		1,325.0		231,013		1,505.1	228,813		1,794.1	226,613.0		1,883.1
			Volume / Demand Changes									
3,000	2.00%	60.0	Capital Receipts	10,000	9.00%	900.0	10,000	9.00%	900.0	3,000	2.00%	60.0
47,808	1.00%	478.1	Customer and Client Receipts	49,018	0.50%	245.1	47,808	0.50%	239.0	47,808	0.50%	239.0
89,140	2.00%	1,782.8	Demand Led Budgets (S/ Care)	92,000	2.00%	1,840.0	94,000	2.00%	1,880.0	96,000	2.00%	1,920.0
111,357	0.25%	278.4	Collection Fund	114,000	0.25%	285.0	114,000	0.25%	285.0	114,000	0.25%	285.0
400	50.00%	200.0	Winter Pressures	400	50.00%	200.0	400	50.00%	200.0	400	50.00%	200.0
251,705		2,799.3		265,418		3,470.1	266,208		3,504.0	261,208		2,704.0
			Budget Savings									
45,000	15.00%	6,750.0	Budget Reductions	38,000	19.00%	7,220.0	28,000	25.00%	7,000.0	25,000	25.00%	6,250.0
			Insurance/Public Liability Third Party Claims									
498	5.00%	24.9	MMI Liabilities	498	5.00%	24.9	498	5.00%	24.9	498	5.00%	24.9
10,000	2.00%	200.0	Legal Liabilities	9,723	2.00%	194.5	9,723	2.00%	194.5	9,723	2.00%	194.5
2,977	2.00%	59.5	Self Insured Liabilities	2,977	2.00%	59.5	2,977	2.00%	59.5	2,977	2.00%	59.5
13,475		284.4		13,198		278.9	13,198		278.9	13,198		278.9
			Energy Security and Resilience									
3,000	15.00%	450.0	Infrastructure failure	3,000	15.00%	450.0	3,000	15.00%	450.0	3,000	15.00%	450.0
294	20.00%	58.8	Carbon Tax Legislation	400	20.00%	80.0	400	20.00%	80.0	400	20.00%	80.0
		17,294.3	TOTAL			17,378.5			17,281.5			17,020.5

REVIEW OF RESERVES

1.0 EXECUTIVE SUMMARY

1.1 This is the mid-year review of the amounts held in reserves. It recommends the release of those reserves which are no longer required and for them to be added to the Remodelling Reserve.

2.0 BACKGROUND AND KEY ISSUES

2.1 Integral to the effective use of resources is an understanding of the overall financial position of the Authority. The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance on the establishment and maintenance of local authority reserves which makes it clear that Councils when reviewing their Medium Term Financial Strategies should consider the establishment and maintenance of reserves.

2.2 Resources set-aside for specific purposes reserves should be established and used in accordance with the purposes intended. The minimum level of new reserves and provisions is set at £20,000 unless these relate to amounts held in trust all reserves are reviewed at least twice a year.

2.3 The Council Constitution and Financial Regulations require that any reserves which are established are then monitored and used in accordance with statutory financial guidelines.

2.4 For each reserve there needs to be a reason for / purpose of the reserve and details of how and when the reserve can be used.

RESERVES

2.5 Reserves are set aside by the Council to meet future expenditure such as decisions causing anticipated expenditure to be delayed. As such they are only available to be spent on specific purposes. The categories of earmarked reserves are as follows:

Category and Description
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc
RE-MODELLING Support Future Council which includes costs of investment to deliver future savings and one-off workforce reduction costs
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services
SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and

spend incurred in the following year such as Public Health, Supporting People and Troubled Families and were the sums held are earmarked for the completion of Council programmes such as Community Asset Transfer, planned maintenance and parks improvements

2.6 Annex 1 provides details of all existing reserves including together with details of the usage during the current and future financial years, those required to be retained for the purposes intended and those which are no longer required and can be released.

2.7 As reported on 12 February 2014 the Council is undertaking a major remodelling in order to deliver the Council Vision. This requires investment and also incurs costs associated with implementing workforce changes. To assist a Remodelling Restructuring Reserve was created in 2013/14. In 2014/15 the Reserve will be increased by the transfer of the Collection Fund surplus distribution of £3.7 million and from the £2.8 million released from the review of reserves held by Directorates and which are deemed to be no longer required.

3.0 RELEVANT RISKS

3.1 Regular Balance Sheet management is required to ensure that the authority has a sufficient level of funds to cover any future liabilities whilst being able to release any funding not required back to the General Fund for use in funding services and/or reducing Council Tax levels.

4.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

4.1 The setting and justification of provisions and reserves is a key element of the Councils financial process. At the start of 2014/15 the Council held over £83.6 million in earmarked reserves. With the Waste Development Fund, this will increase by £6.7 million to £93.3 million prior to any release or use of reserves.

4.2 With available reserves transferred to the Remodelling Reserve there will be no sums returned to General Fund balances.

5.0 RECOMMENDATIONS

5.1 That the release of £2.8 million of Reserves by Directorates be agreed.

5.2 That all released Reserves be added to the Remodelling Reserve.

REVIEW OF RESERVES AS AT JANUARY 2014

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
Insurance & Taxation	T & Resources	FR012 - Housing Benefit	-5,451,523	-5,451,523	-
		FR018 - HB/CT Liabilities	-1,436,385	-836,385	600,000
		FR106 - Business Rates Equalisation	-3,258,550	-3,258,550	-
		FR110 - Business Rates Appeals Reserve	-1,000,000	-1,000,000	-
		IF018 - Motor Reserve B/F	-200,000	-200,000	-
		IF020 - Fire Reserve B/F	-2,500,000	-2,500,000	-
		IF021 - Civil Contingency Fund	-1,500,000	-1,500,000	-
		IF022 - M.M.I. Run Off	-430,192	-430,192	-
		IF023 - Contaminated Land	-750,000	-750,000	-
		IF024 - Risk Management	-144,400	-144,400	-
		IF028 - PI/EI/Pi Reserve	-2,157,619	-2,157,619	-
		IF046 - P I Reserve	-50,000	-50,000	-
		IF047 - Claims Mgmt Reserve	-150,000	-150,000	-
		IF051 - PFI Balance of Risks	-54,498	-54,498	-
		IF052 - Budget Surplus / Deficit	-82,993	-82,993	-
		IF056 - Uninsured Liability	-1,006,000	-1,006,000	-
		IF103 - Plate Glass Insurance Fund	-40,000	-40,000	-
		IF104 - Equipment Insurance Fund	-75,000	-75,000	-
IF105 - Fidelity Fund	-10,500	-10,500	-		
Total			-20,297,660	-19,697,660	600,000
Remodelling	T & Resources	FR009 - IT Development	-1,632,555	-1,632,555	-
		FR024 - ITS Replacement Programme Reserve	-2,159,511	-2,159,511	-
		FR027 - Efficiency Investment Fund	-1,289,025	-1,289,025	-
		FR031 – Remodelling	-14,156,239	-14,156,239	-
		FR032 - Transformation Challenge Award	-75,000	-75,000	-
Total			-19,312,330	-19,312,330	-

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
Schools	Families CYP	EG252 - Schools - Oaklands NoF Extension	-75,753	-75,753	-
		ER012 - SCHOOLS - Nursery Educ Grant	-108,000	-108,000	-
		ER112 - SCHOOLS - Schools Balances C/Fwd	-10,774,620	-10,774,620	-
		ER115 -SCHOOLS - Schools Excess Balances	-9,504	-9,504	-
		ER116 - SCHOOLS -Schools Special Contingency C/Fd	-368,269	-368,269	-
		ER118 - SCHOOLS - Schools Harmonisation Costs	-1,077,156	-1,077,156	-
		ER119 - SCHOOLS - DSG Carry Forward	-1,401,504	-1,401,504	-
		ER160 - SCHOOLS -Cash Management Schools	-908,310	-908,310	-
		ER482 - Schools - Foxfield School	-244,000	-244,000	-
		ER751 - SCHOOLS - Automatic Meter Readers	-415,000	-415,000	-
		ER765 - SCHOOLS - MUGA Wirral Hospital School	-26,384	-26,384	-
		ER769 - SCHOOLS - CLC Contingency	-114,369	-114,369	-
		ER770 - SCHOOLS - AST Contingency	-1,180	-1,180	-
		ER772 - SCHOOLS - Premature Retirement Costs	-108,568	-108,568	-
		ER774 - SCHOOLS - DSG Contingency	-193,795	-193,795	-
		ER802 - CYP CAPITAL -Bebington High	-4,101	-4,101	-
		ER805 - CYP CAPITAL – Oldershaw	-17,178	-17,178	-
		ER817 - CYP CAPITAL -Birkenhead Academy	-68,931	-68,931	-
		ER818 - CYP CAPITAL - Gayton	-55,267	-55,267	-
		ER820 - CYP CAPITAL - Irby Primary	-21,000	-21,000	-
		ER825 - CYP CAPITAL - Pensby Primary	-28,095	-28,095	-
		ER829 - CYP CAPITAL – Somerville	-113,000	-113,000	-
		ER830 - CYP CAPITAL - Ridgeway Roof	-9,000	-9,000	-
		ER831 - CYP CAPITAL - Park Primary	-15,000	-15,000	-
		ER839 - Schools - Pensby Sports Complex	-64,110	-64,110	-
		ER840 - Schools - Mersey Park Primary	-81,000	-81,000	-
		ER841 - Schools - Great Meols Primary	-125,000	-125,000	-
		ER843 - Schools - Woodlands Primary	-36,000	-36,000	-
		ER845 - Schools - Orrets Meadow	-30,000	-30,000	-
		ER846 - Schools - St Albans	-100,000	-100,000	-

		ER847 - Schools - Somerville Primary	-81,000	-81,000	-
		ER848 - Schools - Hayfield School	-35,000	-35,000	-
		ER849 - ND Schools - SEN Top-up Minimum Funding Guarantee	-330,000	-330,000	-
		ER850 - ND Schools - Post 16 Data Service	-49,000	-49,000	-
		ER851 - Schools - Meadowside School	-100,000	-100,000	-
		ER852 - ND Schools - Youth Justice Board	-47,000	-47,000	-
		ER853 - Schools - PFI Affordability Gap	-600,000	-600,000	-
Total			-17,836,094	-17,836,094	-

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released
Support	Corporate	CR014 - Investment Marketing Campaigns	-50,000	-50,000	-
		CR022 - EVR Costs	-47,429	0	47,429
		CR038 - Discover Wirral Marketing Campaigns	-68,790	-68,790	-
		CR047 - The Open 2014	-146,536	-146,536	-
		CR048 - Wirral MCO Strategic Leadership	-30,000	-30,000	-
		CR061 - ERDF Wirral Events MF	-15,406	0	15,406
		CR062 - Wirral Visitor Guide	-820	0	820
		CR063 - Wirral Attractions Group	-750	0	750
		CR070 - Public Health Outcomes	-1,952,690	-1,952,690	-
		CR071 - Champs Innovation Fund	-186,213	-186,213	-
		CR072 - Information and Performance	-563,785	-563,785	-
		CR073 - Public Health Implementation Fund	-23,715	-23,715	-
		CR074 - Public Health Innovation Fund	-34,040	-34,040	-
		CR075 - Constituency Committees	-143,752	-143,752	-
	Families- CYP	CR002 - A/MGMT -Birkenhead Registrars Renovation	-16,500	-16,500	-
		CR027 - A/MGMT - Asset Review	-210,629	-210,629	-
		CR044 - A/MGMT - Community Fund CAT	-1,530,671	-1,530,671	-
		CR060 - A/MGMT - PPM	-279,112	-279,112	-
		E0074 - CYP - India Exchange	-1,303	-1,303	-
		ER002 - CYP - Childrens LCL safeguarding	-4,148	-4,148	-
		ER113 - CYP - DAT Pooled Budgets (Res)	-67,911	-67,911	-

		ER121 - CYP - Help for Young People	-50,938	-50,938	-
		ER178 - CYP CAPITAL Forcap For Cap Prog	-62,907	-62,907	-
		ER199 - CYP - Adoption & Fostering Reserve	-7,143	-7,143	-
		ER201 - CYP - School Improvement IT Programme	-61,012	0	61,012
		ER601 - CYP CAPITAL -PFI Capital Reserve	-85,730	-85,730	-
		ER684 - CYP CAPITAL Cap Financing Contrib's	-20,000	-20,000	-
		ER746 - CYP Capital - WASP	-6,246	-6,246	-
		ER754 - CYP - School Improvement Reserve	-64,365	-64,365	-
		ER755 - CYP - Music Service Income	-97,526	-97,526	-
		ER758 - CYP - ASB Reserve	-33,818	-33,818	-
		ER763 - CYP - CAMHS Reserve	-24,314	-24,314	-
		ER764 - CYP Capital - PPM	-200,000	-200,000	-
		ER767 - CYP - Stay, Work, Learn Wise	-907,820	-907,820	-
		ER768 - CYP - YPLA / LSC Funding Balance	-74,862	-74,862	-
		ER771 - CYP - CWDC	-468,876	-468,876	-
		ER806 - CYP - YOS - Multi Systemic Therapy	-136,299	-136,299	-
		ER808 - CYP - Childrens Centre Income Reserve	-32,240	-32,240	-
		ER833 - CYP - Intensive Family Intervention Project	-914,676	-914,676	-
		ER834 - CYP - Child Poverty	-250,000	-250,000	-
		ER838 - CYP Capital / Raeburn	-20,987	-20,987	-
		ER854 - CYP - Adoption Reform Grant	-52,738	-52,738	-
		ER855 - CYP - Social Worker Retention	-349,000	-349,000	-
		ER856 - CYP - Staying Put	-92,666	-92,666	-
		ER857 - CYP - Extended Free Rights to Travel	-104,400	-104,400	-
		ER858 - CYP - Payments by Results	-33,624	-33,624	-
		ER859 - CYP - Childrens Centre Nurseries	-322,000	-322,000	-
		TP008 - CYP CAPITAL - Vehicle Purchase	-157,750	-157,750	-
		TP025 - H&S - Armed Forces - Welfare Pathway	-17,400	-17,400	-
		TP026 - H&S - Flooding Prevention	-283,968	-283,968	-
		TP029 - H&S - Occupational Health	-5,300	-5,300	-
	Families -DASS	SR001 - SHE Royden Park Scheme	-770	-770	-
		SR002 - Heswall Day Centre	-7,331	-7,331	-

		SR005 - Mapleholme Donation	-264	-264	-
		SR007 - Star Design Donation	-5,860	-5,860	-
		SR008 - Cambridge Road Day Centre	-414	-414	-
		SR009 - Balls Road Birkenhead Supported Living	-36,358	-36,358	-
		SR010 - North Road Birkenhead Supported Living	-10,980	-10,980	-
		SR109 - Funding for End of Life Care	-13,164	-13,164	-
		SR110 - DASS Development Programme	-38,223	-38,223	-
		SR114 - Winter Money	-48,774	-48,774	-
	Families–Sport	LR202 - Sports Centre Contingency	-50,000	-50,000	-
		LR260 - Sports Development Reserve	-131,663	-131,663	-
		LR412 - PCT - Physical Activities Grant	-103,500	-103,500	-
		TP019 - Leisure Equipment	-48,556	-48,556	-
	Regen & Env	CR018 - Local Develop F/Work PDG	-197,998	-197,998	-
		CR026 - Seaside Town Strategy	-20,891	-20,891	-
		CR030 - West Wirral Schemes	-76,134	-76,134	-
		CR040 - HRA Loan Repayments	-96,280	-96,280	-
		CR056 - ERDF 4.2 Match Funding	-730,119	-730,119	-
		CR058 - BIG Capital Grants	-327,844	-327,844	-
		CR064 - Trading Standards Modern Apprentices	-35,130	-35,130	-
		CR065 - Licensing Legal Costs	-25,000	-25,000	-
		CR066 - Empty Prop Council Tax	-44,472	-44,472	-
		CR067 - Trading Standards	-113,762	-113,762	-
		CR068 - Environmental Health	-22,291	-22,291	-
		CR069 - Community Patrol	-100,000	-100,000	-
		LR140 - Art Fund	-30,333	-30,333	-
		LR143 - Rangers Activities	-52,015	-52,015	-
		LR144 - Hilbre Island - Sec 106	-21,172	-21,172	-
		LR196 - Reeds Lane Play - Sec 106	-59,820	-59,820	-
		LR199 - NOF Transform Space C7317	-78,708	-35,000	43,708
		LR222 - Outdoor Gyms	-1,827	-1,827	-
		LR229 - PPM Reserve	-311,000	-311,000	-
		LR306 - Beechwood Park Play Area - Sec 106	-61,152	-61,152	-

	LR408 - Beechwood Community Spaces S106	-100,000	-100,000	-
	LR417 - A/MGMT - Allotments Officer	-15,000	-15,000	-
	R5000 - Supporting People Grant Admin	-109,033	-109,033	-
	R5002 - Supporting People Grant Programme	-795,704	-795,704	-
	R8004 - Taxi Demand Survey	-80,495	-80,495	-
	R8007 - New Homes Bonus	-145,084	-145,084	-
	R8012 - Wirral Executive	-9,920	-9,920	-
	R8026 - Dog Wardens Bequests	-2,236	-2,236	-
	R8034 - Psl Tenancy Deposits	-23,280	-23,280	-
	R8035 - Group Repair Scheme	-120,040	-120,040	-
	R8036 - HMRI	-133,567	-133,567	-
	R8041 - Wirral H I A	-495,269	-495,269	-
	R8072 - Community Safety Initiatives	-162,648	-162,648	-
	R8073 - HMO Licence Fees	-79,726	-79,726	-
	R8074 - Homeless Prevention	-271,064	-271,064	-
	R8075 - Cosyhomes Insulation	-163,090	-163,090	-
	R8077 - Housing Priority Panel	-98,580	-98,580	-
	R8078 - Financial Assistance Fees	-44,582	-44,582	-
	R8079 - Neptune S.106 Works	-18,333	-18,333	-
	R8080 - DCLG Empty Shops Grant	-44,212	-44,212	-
	R8081 - Challenge Fund Properties	-47,808	-47,808	-
	R8082 - Worklessness Programme	-195,177	-195,177	-
	R8083 - Apprentice Programme Phases 2 & 3	-159,980	-159,980	-
	R8084 - Unlawful Subletting/Under Occupation Project	-60,000	-60,000	-
	R8260 - WNF Balance	-760,898	-760,898	-
	R8300 - Heritage Fund	-95,875	-95,875	-
	T1106 - Insurance Contribution - Highway Safety	-54,582	-54,582	-
	TP003 - Wheelie Bin Replacement	-31,542	-31,542	-
	TP022 - BikeSafe	-6,733	-6,733	-
	TP023 - Street Cleansing - You Decide	-2,175	-2,175	-
	TP027 - Asset Management	-39,234	-39,234	-
	TS068 - Hiways Write Off Fund	-15,994	-15,994	-

		Waste Development Fund	-6,700,000	-6,700,000	-
	T & Resources	CR001 - Coroners Office	-79,569	0	79,569
		CR011 - Local Pay Review	-296,110	-296,110	-
		CR028 - Legal Case Mgmt System	-11,546	0	11,546
		FR008 - One Stop Shop I T Networks	-1,877,685	-1,877,685	-
		FR015 - PRINTING UNIT	-35,445	0	35,445
		FR025 - Schools Broadband	-76,500	-76,500	-
		FR105 - Support & Assistance to Public in Need	-625,534	-625,534	-
		FR107 - Budget Equalisation Fund	-1,859,987	0	1,859,987
		FR108 - Schools Service IT Reserve	-294,181	-294,181	-
		FR111 - Budget Stabilisation - Families and WellBeing	-3,431,000	-3,431,000	-
Total			-32,884,027	-30,728,356	2,155,672
Grand Total			-90,330,112	-87,574,440	2,755,672

Summary By Reserve Category and By Directorate

Reserve Category	Directorate	2014/15 Balance	Amount to be released
Insurance & Taxation	Transformation & Resources	20,297,660	-600,000
Remodelling	Transformation & Resources	19,312,330	0
Schools	Families & Well Being – CYP	17,836,094	0
Support	Chief Executive & Corporate Responsibility	3,263,926	-64,405
	Families & Well Being – CYP	7,048,880	-61,012
	Families & Well Being – DASS	162,138	0
	Families & Well Being - Sports & Rec	333,719	0
	Regeneration & Environment	13,487,808	-43,708
	Transformation & Resources	8,587,557	-1,986,546
	Total		32,884,027
Grand Total		90,330,112	-2,755,672

BUDGET 2015/16 - CHIEF FINANCIAL OFFICER STATEMENT

1.0 EXECUTIVE SUMMARY

1.1 Under Section 25 of the Local Government Act 2003, the Authority's Chief Financial Officer (presently Acting Section 151 Officer) is required to report on the robustness of the estimates made for the purposes of the Council's Budget calculations and the adequacy of the General Fund balances and reserves.

2.0 BACKGROUND AND KEY ISSUES

2.1 The budget setting process sets out to estimate spend and income based on the combined effect of many assumptions, projections, estimates and uncertainties. These are based on a professional analysis at a point in time supported by comprehensive risk assessment. The finances of any organisation are subject to constant change and review and their integrity is based on balancing accuracy and certainty with the uncontrollable aspects of the economy, the environment and demand.

2.2 This Statement is designed to give Members a reasonable assurance that the Budget has been based on the best available information and assumptions. Variances are a fact of life, the financial soundness of the authority is dependant on responding quickly to variances, identifying pressures early and being agile about resolutions. In addition, there is a need to maintain an adequate level of reserves to allow for unplanned events; balancing the need to be financially prudent with a desire to use funds for the overall benefit of the Wirral Community. Holding reserves at too high a level can be too risk averse but equally in a time of such severe austerity and constrained flexibility it is imperative that sufficient reserves are held to mitigate risks of overspend, phasing of savings and unplanned events.

2.3 In order to meet the robustness requirement a number of key processes were put into place, including:

- the issuing of guidance on preparing budget growth and savings options for the three year period 2015/18.
- peer review by finance staff involved in preparing the base budget namely the existing budget plus necessary inflation.
- the use of financial monitoring, and re-alignment of budgets with current demand for 2014/15 and future years.
- a review by the Chief Executive Strategy Group of proposed savings and their achievability.
- a Member review and challenge of proposals through the Policy & Performance Committees and Cabinet.
- the Director of Resources and providing advice throughout the process on robustness, including inflationary factors, avoiding unallocated savings and reflecting current demand and service standards (unless standards and eligibility are to be changed through a change in policy).

- consultation with the public and various groups including the voluntary sector and community and faith groups.
- 2.4 Besides these arrangements, which are designed to test the Budget throughout its various stages of development, considerable reliance is placed on Managers having proper arrangements in place to identify issues, project demand for services, and consider value for money and efficiency. Directors and managers are accountable for their budgets, for managing demand and for highlighting emerging pressures.
- 2.5 A key part of improving these processes is the ongoing development, and refinement, of data and information to monitor service volume and unit costs and track changes in both. This will also assist with the Council's Medium Term Financial Strategy.

3.0 RELEVANT RISKS

- 3.1 A formal Risk Review of the Revenue Budget is undertaken to reflect local circumstances and from this it is proposed that Balances be set at a level appropriate to the identified risks. This is a separate section in this report and Appendix 4 details the risk assessment on General Fund balances.
- 3.2 Risks in relation to the Revenue Budget and Capital Programme flow from the assumptions in the Annex and will be kept under review as part of the Financial Monitoring Reports to Cabinet throughout the 2015/16 financial year.

ROBUSTNESS OF THE REVENUE ESTIMATES

- 3.3 The 2015/16 Budget process followed that in place for 2014/15 including a robust process to identify, review and assess both growth and savings proposals. This saw the production of proposals from the Chief Executive which were subject to public consultation and review by Elected Members.
- 3.4 Cabinet agreed proposals in December 2014 to assist in the production of a balanced Revenue Budget for 2015/16. This now has to be formally concluded with the setting of Council Tax levels for 2015/16 and the identification of areas for 2016/18 that seek to address the deficits in these years. The development of the Medium Term Financial Plans will improve the 2016/18 savings and efficiency proposals. The Annex shows the factors taken into account in developing the draft Budget.
- 3.5 In assessing the robustness of Revenue Budgets it is expected that the key risks remaining will be:
- The actual delivery of the approved savings and efficiencies and, in particular those relating to Remodelling the Council, Social Services and commissioning/procurement.
 - Changes to employees costs including equal pay as the Council has yet to conclude its equal pay arrangements.

- The ongoing impact of increasing demand for services, particularly within care services, and reducing grant funding from which the Government have made no detailed announcements beyond 2015/16.
- The confirmation of Government grants, of which a number remain currently unknown.
- The adequacy of the New Burdens funding in meeting the demands such as those from the Care Act.
- Changes to the Capital Programme, to achieve the policy objective of eliminating Prudential Borrowing and associated revenue costs.
- The possibility of legal challenge including judicial review.
- On-going review of the risks relating to Council Tax and Business Rates collection levels and appeals as the new schemes start to have an effect.

3.6 These assumptions and potential changing circumstances require the forecasts for future years to be reviewed early each financial year. This will lead to the identification of options for consultation and to more detailed budgets being prepared for the next financial year, and the medium term, during the Autumn of each financial year.

ROBUSTNESS OF THE CAPITAL PROGRAMME

3.7 The agreed Capital Programme includes projects costed at current year prices with many subject to a subsequent tender process which lead to variance in the final cost. In some areas, the design brief may not yet be finalised, again giving rise to potential price variance. This is a known risk and can be managed through phasing or reduction in specification.

3.8 In assessing the robustness of the Capital Programme the risk of being unable to fund variations outside of the Programme is minimal mainly due to the phasing of projects. If necessary, the Council can choose to freeze parts of the Programme throughout the year to ensure spend is kept within the agreed budget.

3.9 These are the main risks:-

- The ability to deliver the Programme within the agreed timescales. The re-profiling and slippage from previous years is fully funded but increases the pressure to deliver the anticipated 2015/16 Programme.
- The future Programme includes new starts based on the availability of resources. There is a number of significant asset disposals planned over the next 1-3 years and in today's climate, the capital receipts may be higher / lower than expected, which will have to be managed.
- The lack of capacity to manage large schemes as well as the on-going risk of insufficient capital receipts to fund future schemes alongside a reduced ability to fund capital financing from a constrained revenue budget.

ADEQUACY OF THE GENERAL FUND BALANCES AND RESERVES

- 3.10 The recommended approach to determining the level of General Fund balances and reserves is locally determined based upon an assessment of the financial risks that the Council may face in the future. This follows the guidance issued by Grant Thornton (the Council's External Auditor) and CIPFA (the professional organisation responsible for the Accounting Code). The Level Of General Fund Balances for 2014/15 is referred to in the main report.

4.0 RESOURCE IMPLICATIONS

- 4.1 In the Overview Of The Council's Future Financial Position report to Cabinet on 9 December 2014 the Budget Projections 2015/18 indicated a shortfall between spend and resources of £70 million.

Table 1 : Summary of the Budget Funding Gap

Funding Gap	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
Forecast Expenditure (including demographic changes)	275	277	264	
Forecast income (including reduced grants)	257	250	239	
Forecast Funding Gap	18	27	25	70

- 4.2 Cabinet agreed savings options totalling £2.4 million for 2015/16 on 9 December 2014 which were agreed by Council on 15 December 2014. Along with the Chief Executive's Efficiency Options which totalled £15.5 million this saw the Forecast Funding Gap met for 2015/16. These included a Council Tax Freeze which was subject to further consideration by Cabinet once the Local Government Finance Settlement was received.
- 4.3 Since the December Cabinet meeting new information has been received about the Finance Settlement, Council Tax Freeze Grant and Council Tax setting arrangements. The proposals in the main body of the Cabinet report reflect a revised position, where necessary to ensure best use of public funds and a Budget set within the constraints of central government parameters.

5.0 RECOMMENDATIONS

- 5.1 That the Statement of the Chief Finance Officer be noted.

ANALYSIS OF ROBUSTNESS OF REVENUE ESTIMATES

Budget Assumption	Financial Standing and Management
1. The treatment of growth pressures	<p>The major demand factors affecting the 2015/18 budgets:-</p> <ul style="list-style-type: none"> Demographic demand pressures have been identified within Social Care - the elderly, children and the vulnerable. <p>The 2015/16 Budget has been based upon 2014/15 budget monitoring reports and projections made by Managers of demand in future years.</p>
2. The treatment of inflation	<p>Pay – The agreed pay award for 2014 also covers 2015/16 and has been provided for in the 2015/16 Budget with future years provision for pay awards for staff. The overall planning totals have provided for an estimate for the implementation of equal pay.</p> <p>Pensions – Employer rates and the funding of the Deficit fully reflect the most recent actuarial review which took place in 2013.</p> <p>Price inflation is only been provided on contractual arrangements at the rate stated in the relevant agreement.</p>
3. Surplus cash balances (income, capital, receipts and grants)	<p>At any time the Council will have a number of positive cash income streams, such as capital receipts and Government grants, etc. These will be invested as part of cash flow management activities undertaken by Treasury Management. This investment income supports the revenue budget.</p> <p>Cash investments can be liquidated at short notice and are available at any point in time to meet the Council's day-to-day requirements for cash funding.</p>
4 The treatment of income	<p>Changes to fees and charges have been presented as individual budget options being generally reviewed in light of prevailing inflation.</p>
5. The treatment of efficiency savings / productivity gains.	<p>All Managers have a responsibility to ensure the efficient delivery of services and, when savings are proposed, they are realistic in terms of the level and the timing. Should these vary due to unforeseen events management action or policy actions within the relevant Directorates, or corporately, will be implemented.</p>
6. The financial risks inherent in any significant new funding partnerships, major outsourcing deals or major capital developments	<p>The sharing of risk is in accordance with the principle of the risks being borne by the party best placed to manage that risk. Inherent risks include any guarantee or variation of service throughput (service volumes). If risks materialise the expectation is that such an eventuality will be considered in future years' budgets and use of General Fund balances restored to at least the minimum prudent level.</p> <p>Responsibility for Public Health transferred to the Council from 1 April 2013. For 2015/16 the Government has provided a specific grant to cover the costs.</p> <p>From April 2013 the Government transferred responsibility for a Local Welfare Assistance to the Council but only provided funding to 2014/15. Additionally Government funding changes gave the Council a financial incentive / pressure in relation to Business Rates. These placed additional risks upon the Council which have been assessed in the level of General Fund balances.</p> <p>From April 2013 the Council has been allocated additional Government Grant to fund the cost of the implications of the Care act and from mid-2015 will receive grant funding to provide the Independent Living Fund. The savings proposals for 2014/15 onwards include significant savings in respect of Remodelling which includes Alternative Delivery Models</p>

Budget Assumption	Financial Standing and Management
	and the risks have been assessed in the level of General Fund balances.
7. The availability of other funds to deal with major contingencies	The minimum level of balances assumes that management and policy actions will be taken to address major contingencies. Should these be insufficient balances may have to be used temporarily but restored to at least their minimum prudent level through future budgets. This risk based approach is set out in the report on General Fund balances.
8. The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates etc)	<p>The Council acts to manage its borrowing prudently and in accordance with statutory guidance regarding affordability and sustainability with regard to debt expenses incurred in its revenue account. This is achieved through the Treasury Management Strategy and Investment Policy approved by Council each year.</p> <p>The level of borrowing is restrained through reducing the need for unsupported borrowing so the Capital Programme seeks to minimise new borrowing. Any additional costs of financing this debt are built into the budget and future Medium Term Financial Strategy assumptions and are contained within the overall parameters set by the Council for prudential borrowing,</p> <p>The assumed Council Tax collection rate for 2015/16 onwards is 96.75% and judged to be achievable. This reflects collection resulting from the approved Local Council Tax Support scheme and the agreed Council Tax Discounts and exemptions.</p> <p>Legislation requires that any Collection Fund deficit be corrected through the Council Tax in the next year. For 2014/15 there was a surplus which will be distributed in 2015/16.</p>
9. The authority's track record in budget and financial management.	<p>In 2012/13 actions to address a projected General Fund overspend of £17 million reported at the end of Month 3 resulted in a final position of an overspend of £4.7 million.</p> <p>Whilst the underlying overspends were largely addressed in 2013/14 funding from balances was required to address the shortfalls in Adults and Children's Services. The final position was an underspend of £5 million through the early delivery of 2014/15 savings.</p> <p>Throughout 2014/15 the monthly Financial Monitoring Report has been projecting an overspend which at Month 9 was £0.8 million.</p> <p>Ultimately, financial performance relies on all budget managers actively managing their budgets and complying with financial regulations, including not committing expenditure if there is no budget provision available.</p>
10. The authority's capacity to manage in-year budget pressures	<p>The improvements to the financial monitoring system, the frequency of reporting and the challenge process commenced in 2012 have been kept under review.</p> <p>The preparation for the 2015/16 Budget involved rigour and challenge as well as involvement from those delivering the services and the savings. This enabled earlier efficiencies to be identified and decisions in December 2014 over Budget savings for 2015/16 and beyond.</p> <p>The ability to manage in-year pressures has been recognised in the local approach in reflecting risk in determining the appropriate level of General Fund balances and Reserves.</p>
11. The strength of the financial information and reporting	<p>The financial monitoring arrangements continue to be built upon with a comprehensive monthly report produced (per 9)</p> <p>The draft Medium Term Financial Strategy has been improved and will further strengthen the basis of reporting. Appendices to the Budget</p>

Budget Assumption	Financial Standing and Management
arrangements.	report will show the budget over the three years 2015/18 and a detailed Budget Book and Forecasts will be published in March.
12. The authority's virement and end of year procedures in relation to budget under / overspends at authority and directorate level.	The Council's Financial Regulations and Contract Procedure Rules were reviewed and updated in 2013. The Budget virement policy includes disciplines to ensure management and policy actions are also considered in relation to overspending budgets. A section on Budget carry-forwards has also been incorporated. Virement is considered at a corporate level against corporate priorities, including the contribution towards the optimal level of General Fund reserves.
13. The adequacy of the authority's insurance arrangements to cover major unforeseen risks.	The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure" some areas. Premiums and self-funds are reactive to external perceptions of the risks faced by the Council which includes both risks that are generic to all organisations and those specific to the authority. The level of the Insurance Fund Provisions and Reserves are regularly reviewed and is judged to be adequate in that estimated outstanding liabilities are covered by the balances in the Provisions and Reserves.

ANALYSIS OF ROBUSTNESS OF CAPITAL ESTIMATES

Budget Assumption	Financial Standing and Management
1. Estimates of the level and timing of capital receipts.	<p>The Council policy is to fund its Capital Programme over the three year Medium Term Financial Strategy cycle, from three sources:</p> <ul style="list-style-type: none"> • Borrowing (with provision made in the Revenue Estimates), • Grants, Government and Other; • Capital Receipts. <p>In respect of borrowing the objective is to minimise / eliminate:</p> <ul style="list-style-type: none"> ▪ Prudential Borrowing, and ▪ Revenue contributions, ▪ Unless Invest-To-Save. <p>Capital Receipts are managed and work to income generation targets as part of delivering the 2015/18 Capital Programme. Capital Receipts are invested as part of the Council's Treasury Management activity. The investment income continues to be used to help to support the Council's revenue expenditure.</p>