

SAVINGS 2016/17

SUMMARY BY CATEGORY		2016/17 £000
Total Proposals Cabinet (17 December 2015)		
Income & Resources	17,912	
Managing Demand	2,100	
Delivering Differently	2,161	
Service Changes	4,677	26,850
Previously Agreed Savings		3,120
Additional Savings Identified		3,100
TOTAL		33,070

SUMMARY BY DIRECTORATE		2016/17 £000
FAMILIES AND WELLBEING		5,681
REGENERATION AND ENVIRONMENT		7,835
TRANSFORMATION AND RESOURCES		4,661
CORPORATE / EFFICIENCIES		14,893
TOTAL		33,070

Directorate	Previously Agreed Savings	2016/17 £000	2016/17 £000
FAMILIES AND WELLBEING	Working Together with Schools	220	
	Transport Policies	460	
	Family, Parenting and Youth Commissioning	100	
	Shared Services and Integration	1,200	1,980
REGENERATION AND ENVIRONMENT	Commemorations, Registrations and Memorials	100	
	Street lighting LED conversion	390	
	Schools Ground Maintenance	45	
	Street works Permits	100	
	Parking Enforcement Contract	60	
	Waste Contract Changes	300	995
TRANSFORMATION AND RESOURCES	Reducing the Cost of Democracy	25	
	Telecommunications and printing	120	145
	Pre Agreed Savings Total	3,120	3,120

Directorate	Additional Savings Identified	2016/17 £000	2016/17 £000
CORPORATE / EFFICIENCIES	National Insurance Review	1,500	
	Council Tax Adult Social Care Precept	100	
	Council Tax General Increase	100	1,700
REGENERATION AND ENVIRONMENT	Further reduction in Transport levy	1,400	1,400
	Additional Savings Identified	3,100	3,100

Directorate	Income & Resource Management	2016/17 £000	2016/17 £000
CORPORATE / EFFICIENCIES	Council Tax 1.99% Increase	2,200	
	Council Tax 2% Adult Social Care Precept	2,200	
	New Homes Bonus	600	
	Council Tax base changes	1,093	
	Pay Assumptions	1,000	
	Pay Rise limited to 1%	700	
	National Insurance Review	2,000	
	Pension Strain Fall out	1,000	10,793
REGENERATION AND ENVIRONMENT	Planning Fee income	50	
	Home Adaptation fee income	85	
	Selective Licensing Income	20	
	Garden Waste Service Fee increase	196	
	Use of Waste Funds	1,000	
	Reducing cost of Levies	1,408	
	Business Grants	300	
	Removal of revenue fund to capital R&E	260	
	Transitional Fund - no repayment to Fund	250	
	Community Fund (one-off for 2016/17)	750	4,319
TRANSFORMATION AND RESOURCES	Procurement Contract rebate	350	
	IT Maintenance	300	
	Treasury Management Saving	1,600	
	Minimum Revenue Provision	450	
	War Widow underspend	100	2,800
	Income & Resource Management Total	17,912	17,912

Directorate	Managing Demand	2016/17 £000	2016/17 £000
FAMILIES AND WELLBEING	CYP Inflation Demand Management	200	
	CYP Demographic Demand Management	400	
	ASS Inflation Demand Management	900	
	ASS Demographic Demand Management (excluding specific options below)	1,205	
	Girtrell Court	155	
	Single Safeguarding Board with LCR Footprint	40	
	Self Assessment	500	
	Delayed implementation of Extra Care Housing	1,300	2,100
	Managing Demand Total	2,100	2,100

Directorate	Delivering Differently	2016/17 £000	2016/17 £000
FAMILIES AND WELLBEING	Beechwood Leisure Centre	73	
	Leisure Services including concessions	500	
	Municipal Golf Courses	68	641
REGENERATION AND ENVIRONMENT	Parks & Open Spaces Transformation Project	180	
	Pest Control	30	210
TRANSFORMATION AND RESOURCES	Estate Management / Buildings	365	
	ICT	241	
	Communications	111	
	Occupational Health Budgets	23	
	ASB Provision	165	
	Community Patrol	150	
	Dog Fouling Enforcement	52	
	Libraries	203	1,310
	Delivering Differently Total	2,161	2,161

Directorate	Service Changes	2016/17 £000	2016/17 £000
CORPORATE / EFFICIENCIES	Unpaid Leave	1,200	
	Car Allowances	600	
	Enhancements	600	2,400
FAMILIES AND WELLBEING	Child And Adolescent Health	100	
	Education Social Welfare Service	60	
	Public Health	800	960
REGENERATION AND ENVIRONMENT	Grit Bins	30	
	Highways Maintenance	200	
	Road Safety	90	
	Supported Housing Contracts	500	
	Homeless Prevention	50	
	Strategic Housing Services	41	911
TRANSFORMATION AND RESOURCES	Closure of Welfare Rights Unit	106	
	Discretionary Housing Payments	300	406
	Service Changes Total	4,677	4,677

APPENDIX 2

GROWTH SUBMISSIONS 2016/17

DIRECTORATE	DESCRIPTION	2016/17 Estimate £000	2016/17 Required £000
	DEMOGRAPHIC GROWTH		
Families Children's	Increase in Special Guardianship and Adoption numbers	410	0
Families Adults	Increase in Demand (Young Adults with Learning Disabilities)	934	0
Families Adults	Increased demand Older People	937	0
Families Adults	Extra Care Housing	0	1,300
	Demographic Growth	2,281	1,300
	OTHER GROWTH		
Families	Social Workers – new pay structure	200	200
Regeneration	United Utilities Standing Water Charges	92	0
Regeneration	Biffa Property Uplift	15	0
Regeneration	Housing Standards and Renewal (from Community Fund)	350	0
Regeneration	Housing Options/Homeless Prevention Team (from Community Fund)	400	0
Transformation	Elapsing of unpaid leave 3 year savings option	1,400	200
	Other Growth	2,457	400

DIRECTORATE	DESCRIPTION	2016/17 Estimate £000	2016/17 Required £000
	INFLATION		
Families Children's	Increasing Fostering & Adoption Allowances	200	0
Families Children's	PFI Affordability Gap	150	150
Families Children's	Teacher Retirement Costs	60	60
Families Children's	Transport Contracts	70	70
Families Adults	Contract inflation	852	0
Regeneration	Contract for Parking Enforcement Services	15	0
Regeneration	Biffa Contract Inflation	348	244
	Inflation	1,695	524
	UNALLOCATED AND HELD CENTRALLY		
Corporate	Levies	900	0
Corporate	Pension Deficit	400	400
Corporate	National Insurance Rate Change	3,500	2,000
Corporate	Pay Inflation	3,000	1,300
Corporate	Education Services Grant	500	500
Corporate	Council Contribution to Public Health	1,997	2,271
	TOTAL UNALLOCATED GROWTH	10,297	6,471
	GROWTH FUNDED BY RESERVES		
Regeneration	Removal of charges for grey bins(two year period)	90	90
Regeneration	Reduction of charges for green bins	40	40
Regeneration	Bin Repair Service	23	23
Regeneration	Increase capture rates recycling	150	150
Regeneration	Additional Dog Wardens	88	88
Regeneration	Neighbourhood Recycling Officers	85	85
	FUNDING FROM RESERVES	-476	-476
	TOTAL GROWTH	16,730	8,695

FEES AND CHARGES

1.0 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 INFORMATION

REVIEW OF CHARGES FOR 2016/17

- 2.1 Directorates have examined their fees and charges for the 2016/17 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.
- 2.2 Many of the proposed fees and charges for 2016/17 are unchanged from 2015/16. 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 2016.
- 2.3 Following the establishment of Edsential and Wirral Evolutions, their services have been transferred from Council control. The charges for these services have been removed from the Directory as they are no longer set by the Council, including charges for school meals, meals on wheels, music teaching, services at Oaklands outdoor centre and services provided at Acre Lane.
- 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 Acting Section 151 Officer, for reviewing annually the levels of fees and charges relating to services under their control.
- 2.5 For 2016/17, no general inflationary increase has been applied. This reflects the difficulties the Council has 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.
- 2.6 The effect of proposed increases to the levels of fees for Planning, Home Adaptations and Selective Licencing has been included as part of the Savings proposals for Regeneration and Environment in Appendix 1. Increases to the Garden Waste collection subscription are currently subject to consultation. The effects of other increases in charges have not been calculated or anticipated in preparing the 2016/17 budget.

- 2.7 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.
- 2.8 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.
- 2.9 The largest source of income is from Adult Social Care charges which are presently being consulted upon as part of the Budget 2016/17. Once confirmed they will be incorporated into the Council fees and Charges Schedule. The largest range of charges encompasses leisure and cultural service activities; these are subject to a general review of these services.
- 2.10 To enable changes to be implemented as soon as possible to maximise income generation Members are asked to give delegated authority to the agree to delegated authority to the Portfolio Holder in consultation with the relevant Director and Acting Section 151 Officer to vary existing fees and charges. Past practice has been for fees and charges to be proposed by officers and approved by Cabinet and by Council on an annual basis in the budget setting report in February. In-year changes to fees and charges have been exceptional and separately reported to Cabinet.

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

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

4.0 RELEVANT RISKS

- 4.1 Whilst budgets for income from fees and charges are set with 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.

5.0 EQUALITY IMPLICATIONS

- 5.1 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.

6.0 RECOMMENDATIONS

- 6.1 That the Directory be noted and Delegated Authority be given to the Acting Section 151 Officer to update the Directory as charges are finalised prior to publication before 1 April 2016.
- 6.2 To agree to delegated authority to the Portfolio Holder in consultation with the relevant Director and Acting Section 151 Officer to vary existing fees and charges.

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 has been Wirral Councils approach since November 2012 and is reviewed inline with CIPFA guidance. A consideration of the risks and the financial circumstances faced by Wirral for 2016-17 has 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 2015.

FINANCIAL RESILIENCE: REDUCTIONS TO RISK AND MITIGATION

- 2.9 The Revenue Monitoring throughout 2015/16 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 2015 (Month 9) the projected overspend was £0.1 million. The process for the 2016/17 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 2016/17 and beyond the calculation has been updated and is detailed in the Annex.

SUMMARY OF THE ASSESSED GENERAL FUND BALANCES

	2015/16	2016/17
	£m	£m
Assessed level February 2014	15.4	13.9
Assessed level February 2015	17.4	17.3
Assessed level February 2016	17.4	11.5

- 2.11 The February 2016 assessment for 2016/17 is a reduction on the amount that previously projected for February 2015. With the implementation of a specific Revenue Contingency budget for high risk areas, there is a reduction in overall risks for the General Fund. This also includes revisions to the risks in relation to capital receipts, the Better Care Fund and new delivery models that the Council is moving towards.
- 2.12 The 2015/16 General Fund balance risk calculation is for a minimum of £11.5 million at 31 March 2016. The latest Monitoring Report (December 2015 - Month 9) shows:-

SUMMARY OF THE PROJECTED GENERAL FUND BALANCES

Details	£m
Balance 31 March 2015 when setting the Budget 2015/16	+17.4
Add; Increase following closure of 2014/15 Accounts	+1.4
Less Transfer to General Fund	-4.2
Less: Potential overspend at December 2015	-0.1
Projected balance 31 March 2016	+14.5

- 2.13 Based upon the target for 31 March 2016 the current projections show the Council will be able to release £3 million from General Fund balances. This will be used to support the Revenue Budget Contingency.

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.

ASSESSMENT OF GENERAL FUND BALANCES 2016/17

Area of Risk	2016/17		
	Budget £000's	Risk Level	Value £000's
Legislative Changes			
Total Formula Grant / Localised Business Rates			
Local Business Rates Income	33,276	4.00%	1,331.0
Council Tax Benefit	23,800	2.00%	476.0
Health & Social Care Act			
Bail in Arrangements	1,000	9.00%	90.0
Waste Levy - 50% recycling by 2020	0	3.00%	0.0
Single Status	3,000	3.00%	90.0
	61,076		1,987.0
Inflation			
Employees	121,286	0.10%	121.3
Premises	15,208	0.75%	114.1
Transport	6,631	1.00%	66.3
Supplies	123,881	1.00%	1,238.8
Services	122,501	0.50%	612.5
Transfer	143,656	0.00%	0.0
	533,163		2,153.0
Interest Rates			
Borrowing	12,644	0.00%	0.0
Investment	875	0.00%	0.0
	13,519		0.0
Grants and Partnerships			
Housing Benefits incl Admin Grant	140,727	0.50%	703.6
Other General Fund Grants	60,286	1.00%	602.9
Better Care Fund	30,000	1.00%	300.0
Alternative Delivery operation	0	0.00%	500.0
	231,013		2,106.5
Volume / Demand Changes			
Capital Receipts/Programme	10,000	6.00%	600.0
Customer and Client Receipts	49,018	1.00%	490.2
Demand Led Budgets (Social Care)	92,000	3.00%	2,760.0
Collection Fund	117,973	0.25%	294.9
Winter Pressures	400	50.00%	200.0
	269,391		4,345.1
Budget Savings			
Budget Reductions	0	0.00%	0.0
Insurance/Public Liability Third Party Claims			
MMI Liabilities	498	5.00%	24.9
Legal Liabilities	9,723	2.00%	194.5
Self Insured Liabilities	2,977	2.00%	59.5
	13,198		278.9
Energy Security and Resilience			
Infrastructure failure	3,000	20.00%	600.0
Carbon Tax Legislation	400	20.00%	80.0
TOTAL			11,550.6

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 Revenue Contingency Budget.

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
TRANSFORMATION Support the development and transformation of the Council which includes the 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 the reserves which are no longer required and can be released.

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 2015/16 the Council held over £87.4 million in earmarked reserves, prior to any release or use of reserves.

4.2 With available reserves transferred to revenue contingency there will be no sums returned to General Fund balances.

5.0 RECOMMENDATIONS

5.1 That the release of £6.5 million of Reserves by Directorates be agreed.

5.2 That all released Reserves be used to fund the Revenue Budget Contingency in 2016/17.

REVIEW OF RESERVES AS AT JANUARY 2016

Summary of Reserves

Reserve Category	Directorate	2015/16 Balance	Predicted Use	Amount to be released
Insurance & Taxation	Transformation & Resources	-25,019,766	-24,019,766	-1,000,000
Transformation	Transformation & Resources	-15,650,608	-13,861,583	-1,789,025
Schools	Families & Well Being - CYP	-15,476,427	-15,476,427	0
Support	Families & Well Being - CYP	-4,024,608	-4,024,608	0
	Families & Well Being - DASS	-330,971	-330,971	0
	Families & Well Being - Sports & Rec	-311,649	-311,649	0
	Regeneration & Environment	-13,928,405	-11,067,284	-2,830,790
	Transformation & Resources	-12,893,187	-12,016,393	-876,794
Support total		-31,488,820	-27,750,905	-3,707,583
Total		-87,635,621	-81,108,682	-6,496,609

Reserves to be Released

Reserve Category	Directorate	Brief Description and summary code	2015/16 Balance	Predicted Use	Amount to be released	Comments on released reserves
Insurance & Tax	Transformation & Resources	FR110- Business Rates Appeals	-1,000,000		-1,000,000	Surplus to requirements
Insurance & Tax			-8,880,211	-7,580,211	-1,000,000	
Transformation	Transformation & Resources	FR027 - Efficiency Investment Fund	-1,789,025		-1,789,025	Surplus to requirements
Transformation Total			-1,789,025	0	-1,789,025	

Reserve Category	Directorate	Brief Description and summary code	2014/15 Balance	Predicted Use	Amount to be released	Comments on released reserves
Support	Regeneration & Environment	CR026 - Seaside Town Strategy	-20,891		-20,891	Not used since 2012-13
		CR058 - BIG Capital Grants	-327,844		-327,844	Capital funded if required.
		CR064 - Trading Stnd Modern Apprentices	-35,130		-35,130	Surplus to requirements
		CR065 - Licensing Legal Costs	-25,000		-25,000	Surplus to requirements
		CR067 - Trading Standards	-113,762	-60,000	-53,762	Surplus to requirements
		R5000 - Supporting People Grant Admin	-109,033		-109,033	Not used in 3 years
		R5002 - Supporting People Programme	-795,704		-795,704	Contingency held in balances.
		R8004 - Taxi Demand Survey	-80,495	-40,000	-40,495	Surplus to requirements
		R8007 - New Homes Bonus	-265,320		-265,320	Capital funded if required.
		R8041 - Wirral H I A	-495,269	-295,269	-200,000	Surplus to requirements
		R8074 - Homeless Prevention	-271,064		-271,064	Not used in 3 years
		R8075 - Cosyhomes Insulation	-179,785	-79,785	-100,000	Fuel Poverty Programme kept
		T1106 - Insurance Contrib - Highway Safety	-54,582	-32,746	-21,836	Surplus to requirements
		TP003 - Wheelie Bin Replacement	-31,542		-31,542	Surplus to requirements
		TP023 - Street Cleansing - You Decide	-2,175		-2,175	Small Value
		TP031 - Realise Further Waste Efficiencies	-500,000		-500,000	From Waste Development Fund
		TS068 - Hiways Write Off Fund	-15,994		-15,994	Met through bad debt provision
		LR417 - A/MGMT - Allotments Officer	-15,000		-15,000	Surplus to requirements
	Transformation & Resources	CR011 - Local Pay Review	-296,110		-296,110	Covered in General Fund Balances
		FR025 - Schools Broadband	-76,500		-76,500	Surplus to requirements
		FR108 - Schools Service IT Reserve	-294,181		-294,181	Surplus to requirements

		TP008 - Vehicle Purchase	-23,587		-23,587	Could be capitalised if needed
		CR047 - The Open 2014	-37,835		-37,835	Surplus to requirements
		CR048 - Wirral MCO Strategic Leadership	-4,842		-4,842	Small Value
		CR069 - Community Patrol	-100,000		-100,000	CCTV Network funded by Capital
		R8012 - Wirral Executive	-9,920		-9,920	Small Value
		ER758 - ASB Reserve	-33,818		-33,818	Case Management System by Capital
Support Total			-4,245,716	-507,800	-3,707,584	

CHIEF FINANCIAL OFFICER STATEMENT

SUMMARY

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. Section 25 also requires Members to have regard to this report in making their decisions.

BACKGROUND

Local Authorities decide every year how much they are going to raise from Council Tax. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of its services in the forthcoming year.

The decision on the level of the Council Tax is taken before the financial year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:

- a) making prudent allowance in the estimates for each of the services;
- b) ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

This Statement is intended to give Members assurance that the Budget has been based on the best available information and reasonable assumptions.

In order to meet the robustness requirement a number of key processes have been in place, including:

- The issuing of guidance on preparing budget growth and savings options for the period 2016/17.
- Peer review by finance staff involved in preparing the base budget and supporting information.
- Revenue and capital expenditure is differentiated along with appropriate sources of funding, including revenue implications of capital expenditure.
- Existing and future expenditure pressures are identified by reference to financial monitoring reports for 2015/16.
- Reviews by the Senior Leadership Team of proposed savings and their achievability.
- Identification of financial risks.
- The Section 151 Officer provided advice throughout the process on robustness, resources and demand.
- Consultation with the public and various groups including the voluntary sector and community and faith groups.

- Reliance on Managers 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.
- Ongoing development, and refinement, of data and information to monitor service volume and unit costs and track changes in both.

RELEVANT RISKS

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.

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 2016/17 financial year.

ROBUSTNESS OF THE REVENUE ESTIMATES

The 2016/17 budget built on the process followed in 2015/16 including a robust process to identify, review and assess both growth and savings proposals. This saw the production of proposals which were subject to public consultation and review by Elected Members.

Cabinet agreed proposals in December 2015 to assist in the production of a balanced Revenue Budget for 2016/17 under the headings of:

- Income and Resource Management
- Managing Demand
- Delivering Differently
- Service Changes

These now have to be formally concluded with the setting of Council Tax levels for 2016/17.

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.
- Changes to employees' costs.
- The ongoing impact of increasing demand for services, particularly within care services, and reducing grant funding which has been outlined in Government announcements up to 2019/20.
- The confirmation of Government grants, of which a number remain currently unknown.

- 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.

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

In order to mitigate the financial risks associated with the implementation of savings and to improve the robustness of the estimates, a Savings Risk and Pressures contingency is to be created drawn from General Fund balances and the release of Earmarked reserves.

In previous years an amount has been held in General Fund balances to cover the potential risk of the failure of savings plans. The Savings Risk and Pressures contingency will in future be held separately and specifically to cover these risks.

ROBUSTNESS OF THE CAPITAL PROGRAMME

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.

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.

The main risks of the Capital Programme are:-

- 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 2016/17 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

The recommended approach to determining the level of General Fund balances and reserves 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 2016/17 is referred to in the main report.

RESOURCE IMPLICATIONS

In the Council Budget 2016/17 and Medium Term Financial Strategy report to Cabinet on 17 December 2015 the Budget Projection 2016/17 indicated a shortfall between spend and resources of £24 million and a projected budget funding gap for the period 2016/21 of £126 million.

Table 1: Summary of the Budget Funding Gap

Funding Gap	2016/17
	£m
Forecast Expenditure (including demographic changes)	272
Forecast income (including reduced grants)	248
Forecast Funding Gap	24

Cabinet considered savings options totalling £26.9 million for 2016/17 on 17 December 2015. This met the Forecast Funding Gap for 2016/17. These included a Council Tax increase of 1.99% and the 2% Adult Social Care Precept costs which were subject to further consideration by Cabinet once the final Local Government Finance Settlement was received.

Since the December Cabinet meeting new information has been received about the Settlement 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.