

# **WIRRAL COUNCIL**

## **COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE**

**17 MARCH 2010**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **FINANCIAL MONITORING STATEMENT**

##### **1. EXECUTIVE SUMMARY**

1.1 This report provides a summary in tabular format of the current position of the revenue accounts and General Fund balances.

##### **2. MONITORING STATEMENT**

2.1 The monitoring statement is attached to this report and includes the following:

- Composition of the original 2009/10 budget by Department including agreed savings and policy options.
- Monitoring against the 2009/10 budget including the financial implications of any Cabinet decisions.
- Anticipated variances against the original budget.
- Explanation of variances and areas identified as requiring further attention.

2.2 The Statement is produced monthly and in line with the decision of this Committee on 19 November 2009 is now sent to all Councillors. A formal report is submitted to each meeting of this Committee.

##### **3. LATEST FINANCIAL POSITION**

3.1 The Statement presents an update of the revenue budget and General Fund balances as at 31 January 2010.

3.2 At this stage of the financial year there are reports of financial issues within:-

3.2.1 Adult Social Services - There are continuing pressures on the community care budgets and, partly due to the economic climate, there will be a shortfall in the achievement of income targets from residential / non-residential care charges. Whilst the original savings are being delivered the additional actions, primarily around domiciliary care, to offset the pressures are not materialising in the timescales expected. Consequently the projected overspend remains at £2.5 million and the Director continues to work to identify efficiencies.

- 3.2.2 Children & Young People - Significant pressures remain largely as a result of additional demands that have been placed on care services, with placements increasing, but also within Special Education Needs and employee related costs. At the end of December the net overspend was projected to be £1 million. However the actions in respect of grant based activities and measures put in place to control spending are now anticipated to enable spend to remain within the budget allocated.
- 3.2.3 Regeneration - There remain several volatile budget areas with the major concern around maintaining income levels. The recession and weather conditions have a major impact upon the achievement of income targets at sports centres and also from cemeteries and the latest projection is for an overspend of £0.3 million.
- 3.2.4 Technical Services - As with other areas the income budgets are closely monitored. Whilst the decline in planning fee income experienced throughout 2008/09 has levelled off parking services income is being adversely affected. This is compounded by the success of the parking initiatives with the consequent fall in fixed penalty charge income. The weather conditions in recent months has lead to increased winter maintenance demands and is projected to overspend by £350,000 contributing towards the overall £0.8 million overspend.
- 3.2.5 Finance / Treasury Management - The economic position continues to affect housing benefit and treasury management activities. The number of applicants for Housing and Council Tax Benefits continues to increase and is impacting upon processing times which is being mitigated by the agreed additional staffing resources. Within treasury management the budget was adjusted for 2009/10 because of the impact of the recession but through revised investment management the Council should benefit by £0.7 million this year.
- 3.3 Decisions taken by Cabinet which have an impact upon the financial position:-
- 3.3.1 The 2008/09 Accounts were subject to Audit and received an unqualified opinion as reported to the Audit & Risk Management Committee on 23 September 2009. There were no changes affecting the final outturn that was reported to Cabinet on 25 June 2009 which showed an overall reduction in balance of £0.2 million.
- 3.3.2 Cabinet on 23 July 2009 considered a report on the Street Lighting energy contract and agreed to return to balances the sum of £0.2 million, being a policy option no longer required.
- 3.3.3 A recommendation from Cabinet on 1 October 2009, as confirmed by Council on 12 October 2009, resulted in increased spending in 2009/10 of £0.8 million to reflect the decision to cease the proposed creation of, and investment into, Neighbourhood Centres and to retain all existing libraries.

- 3.3.4 On 5 November 2009 the inflation provision for pay within the 2009/10 budget was reduced from 2% to 1% enabling £1.6 million to be added to the general balance. The same meeting also received a report on VAT recovery which produced a 'one-off' benefit of £0.5 million.
- 3.3.5 On 26 November 2009 it was agreed that £0.2 million be released to the general balance following the mid year review of the Balance Sheet. It was also agreed that an additional £0.8 million of Working Neighbourhood Fund grant be used to further support the Wirral Apprentice scheme.
- 3.3.6 On 14 January 2010 Cabinet were advised of the outcome of the annual gas and electricity contract renewal which realised savings in the current financial year and the social services care costs review as well as the receipt of a further one-off VAT recovery of £2.6 million. Overall these decisions resulted in a net £3.1 million be added to balances.

#### 4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 As at 31 January 2010 the decisions taken by Cabinet and the overspends in Adult Social Services, Regeneration and Technical Services, if realised, would reduce the balance at 31 March 2010 by £2.9 million (from £10.6 million down to £7.7 million). A significant improvement upon the projected £2.9 million at 31 December 2009 due to the actions within Children & Young People and Regeneration but also the benefits from the gas and electricity contracts and 'one-off' VAT recovery. The relevant Directors continue to look at actions to address the projected overspends.

Details	£million	£million
<b>Projected General Fund balance at 31 March 2010 when setting the budget for 2009/10</b>		<b>6.0</b>
<b>Cabinet decisions</b>		
25 June - Financial out-turn for 2008/09 showed an overspending and reduction in balance	-0.2	
23 July - Energy contract renewal enabled the release of the agreed policy option to general balance	+0.2	
1 October - Libraries retained with budget increased	-0.8	
5 November - Pay inflation reduced for 2009/10 and 'one-off' VAT recovery both added to balance	+2.1	
26 November - Balance Sheet Management review added to balance	+0.2	
14 January – Energy contracts, social services care costs and the further 'one-off' VAT recovery	+3.1	+4.6
<b>Projected variances / potential overspends</b>		
Overspend		
Adult Social Services	+2.5	
Regeneration	+0.3	
Technical Services	+0.8	
Underspend		
Finance	-0.7	-2.9
<b>General Fund balance at 31 March 2010 based upon the latest projections</b>		<b>7.7</b>

4.2 There are no staffing implications arising directly from this report.

**5. EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 There are none arising directly from this report.

**6. HUMAN RIGHTS IMPLICATIONS**

6.1 There are none arising directly from this report.

**7. LOCAL AGENDA 21 IMPLICATIONS**

7.1 There are none arising directly from this report.

**8. COMMUNITY SAFETY IMPLICATIONS**

8.1 There are none arising directly from this report.

**9. PLANNING IMPLICATIONS**

9.1 There are none arising directly from this report.

**10. LOCAL MEMBER SUPPORT IMPLICATIONS**

10.1 There are no particular implications for any Members or wards arising out of this report.

**11. BACKGROUND PAPERS**

11.1 None were used in the preparation of this report.

**12. RECOMMENDATION**

12.1 That the contents of the financial monitoring statement be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

**WIRRAL COUNCIL**

**FINANCIAL MONITORING STATEMENT 2009/10 AS AT 31 JANUARY 2010**

Department	ORIGINAL BUDGET			MONITORING				COMMENTS	
	Saving Target	Policy Option	Agreed Budget	Saving Target	Policy Option	Variations Agreed Projected			Forecast
Expenditure	£000	£000	£000			£000	£000	£000	
Adult Social Services	3,777	-	86,098	✓	-	+173	+2,500	88,771	Community care costs & income targets from non-residential / residential care charges give pressures of £3m. Actions will now realise £0.5m savings giving £2.5m forecast overspend.
Children & Young People (including Schools)	1,380	970	77,914	✓	✓	-	-	77,914	Residential childcare costs due to increased placements still remain the key concern. This is being offset by use of grants and vacancy control. Now predicting not to overspend.
Corporate Services	-	310	5,649	-	✓	-	-	5,649	No issues identified.
Finance / Treasury Mgt	2,950	360	28,834	✓	✓	-	-700	28,134	Treasury Management activities affected by the markets but investment income projecting a surplus and savings on borrowing costs.
Law, HR and Asset Mgt	212	-	2,479	✓	-	-	-	2,479	Reduced income from managed properties and coroners but increased costs currently being managed within the budget.
Regeneration	3,464	50	46,512	X	✓	+1,630	+300	48,442	Agreed variations are libraries and Apprentices. Overspend relates to reduced sports centres / cemeteries income.
Technical Services	966	180	41,921	✓	✓	-180	+800	42,541	Agreed variation is street lighting contract/option not needed. Income closely monitored with car parking not likely to reach targets and winter maintenance overspend of £0.350m.
Merseytravel	-	-	26,305	N/a	N/a	-	-	26,305	Fixed amount - no change.
Local Pay Review	-	-	1,177	N/a	N/a	-	-	1,177	Available to meet implementation of the Review.
Contribution from Balances	-	-	(3,193)	N/a	N/a	-	-	(3,193)	For SAR and Children's care services.
LABGI / LAA grants	-	-	(1,600)			-	-	(1,600)	LABGI grant confirmed. No changes approved by Cabinet.
<b>Budget Requirement</b>	<b>12,749</b>	<b>1,870</b>	<b>312,096</b>			<b>+1,623</b>	<b>+2,900</b>	<b>316,619</b>	
<b>Income</b>									
Revenue Support Grant	-	-	28,643	N/a	N/a	N/a	N/a	28,643	Fixed amount - no change
Area Based Grant	-	-	31,038	N/a	N/a	+800	N/a	31,838	Additional £0.8m of Working Neighbourhood Fund.
National Non Domestic Rate	-	-	124,094	N/a	N/a	N/a	N/a	124,094	Fixed amount - no change
Council Tax	-	-	129,008	N/a	N/a	N/a	N/a	129,008	Fixed amount - no change
Collection Fund Deficit	-	-	(687)	N/a	N/a	N/a	N/a	(687)	Fixed amount - no change
<b>Total Income</b>			<b>312,096</b>			<b>+800</b>		<b>312,896</b>	
<b>Statement of Balances</b>									
As at 1 April	-	-	8,507	-	-			6,001	Opening balance – forecast for 1 April 2010.
Contributions from Balances	-	-	(3,193)	-	-	-	-	-	For SAR and Children's care services.
Contributions from Reserves	-	-	687	-	-	-	-	-	For Collection Fund deficit.
Contributions to Reserves	-	-		-	-	+5,770	-	180 2,100 170 3,320	23 July - Street lighting Policy Option not required. 5 November - reduced pay inflation and one-off VAT reclaim. 26 November - review of Balances. 14 January - energy costs and one-off VAT reclaim.
Cabinet decisions	-	-	-	-	-	-200	-	-200	25 June - 2008/09 Accounts showed net £0.2 fall in balance.
Variations – Agreed Cabinet			-	-	-	-1,003	-	-1,003	1 October - Libraries decision. 14 January - Social Care Charging.
Variations – Projected	-	-	-	-	-		-2,900	-2,900	Based on the departmental projections – not approved.
<b>BALANCES</b>			<b>6,001</b>			<b>+4,567</b>	<b>-2,900</b>	<b>7,668</b>	<b>Projected balance at start / end of year</b>
Key = No concern for item ✓ (Green)      Key = Some concern for item * (Amber)      Key = Concern for item X (Red)									