

## **WIRRAL COUNCIL**

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

**21 SEPTEMBER 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 position of the revenue accounts and General Fund balances as at 31 July 2010.

### **2. MONITORING STATEMENT**

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

- Composition of the original 2010/11 budget by Department including agreed savings and policy options.
- Monitoring against the 2010/11 budget including the financial implications of any changes agreed through Cabinet decisions.
- Anticipated variances, changes not agreed by Cabinet, against the original budget.
- Comments providing an explanation of variances and areas identified as requiring further attention.

2.2 The Statement is produced monthly and 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 July 2010.

3.2 At this stage of the financial year only Children & Young People are projecting an overspend whilst the potentially volatile areas within departments are:-

3.2.1 Adult Social Services - pressures around community care due to increasing demand, income targets and transport costs which has been assessed at £3 million. Not identified as a potential overspend at this time as the Director is looking at ways to keep within the budget allocated.

3.2.2 Children & Young People - a potential overspend of £1.8 million primarily from residential care placements and foster care costs. Again the Director is looking at actions to remain within the budget allocated.

3.2.3 Regeneration, presently retained as the former department whilst consultation as to its future remains ongoing, is heavily reliant upon meeting income targets which continue to prove challenging and are being closely monitored. 2010/11 also features the first year of planned four year investments into digital infrastructure and home insulation.

3.2.4 Technical Services - over £1 million of pressures arising from potential shortfalls in car parking income and the inflationary increase in the streetscene contract.

3.3 Decisions taken by Cabinet which have an impact upon the financial position:-

3.3.1 Cabinet on 18 March 2010 agreed to fund the inflationary increase in the National Minimum Fostering Allowances of £90,000 in 2010/11 from balances.

3.3.2 Cabinet on 24 June 2010 considered a report on the 2009/10 revenue out-turn which highlighted the addition of £3 million to the balances at 31 March 2010 that comprised a net underspend in the year of £0.3 million and £2.7 million of 'one-off' sums from the Insurance Fund (£2.5 million) and VAT recovery (£0.2 million).

3.3.3 Cabinet on 24 June 2010 also considered the implications for the Council of the Government announcement on 10 June 2010 on the 'Reductions in Grants to Local Government' which reduces the funding for local authorities in 2010/11. The loss of the 'one-off' LABGI/LAA (Local Authority Business Growth Incentive / Local Area Agreement) grants of £1.6 million has to be met from balances. The loss of £3.9 million of Area Based Grant was further considered by Cabinet on 22 July 2010 when 'uncommitted' resources were identified across departments to offset this loss of grant. This decision was subsequently 'called-in' for scrutiny by this Committee and on 26 August 2010 a recommendation endorsing the decision was referred to Cabinet.

#### 4. FINANCIAL AND STAFFING IMPLICATIONS

4.1 As at 31 July 2010 the decisions taken by Cabinet and the overspend in Children & Young People if realised, would result in a balance at 31 March 2011 of £6 million. All Directors continues to look at actions to address any potential overspends within their departmental budgets.

Details	£million	£million
<b>Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11</b>		<b>6.5</b>
<b>Cabinet decisions</b>		
18 March – Foster care allowances	-0.1	
24 June – Revenue out-turn 2009/10 resulted in increase in balance at 31 March 2010	+3.0	
24 June – Reductions in grants to Local Authorities 2010/11 comprising 'one-off' grants of £1.6 million and Area Based Grant of £3.9 million	-5.5	

22 July – Area Based Grant loss being met by a reduction in departmental budgets	+3.9	+1.3
<b>Projected variances / potential overspends</b>		
Overspend Children & Young People		-1.8
<b>General Fund balance at 31 March 2011 based upon the projections at 31 July 2010</b>		<b>6.0</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

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Changes Not agreed	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	3,600	2,967	85,897	-50	-	85,847	A	Pressures of £3 million remain within community care due to increasing demand, achieving income targets and transport costs. Change agreed is contribution to the reduction in Area Based Grant (ABG) (22 July).
Children & Young People	100	280	78,406	-1,461	+1,860	78,805	A	Residential care (£1.4m), foster care (£0.6m) costs. Change agreed is contribution to the reduction in ABG (22 July).
Corporate Services	345	-	6,008	-200	-	5,808	G	No issues identified. Change agreed is contribution to the reduction in ABG (22 July).
Finance	505	1,410	26,096	-	-	26,096	G	Housing Benefit largest budget and demand continues to increase.
Law, HR and Asset Mgt	66	-	8,384	-2	-	8,382	G	No issues identified. Change agreed is contribution to the reduction in ABG (22 July).
Regeneration	4,166	-	60,837	-2,058	-	58,779	G	Income targets remain most significant challenge. Major options are year 1 (of 4) for digital infrastructure and for home insulation. Change agreed is contribution to the reduction in ABG (22 July).
Technical Services	1,033	640	43,504	-66	-	43,438	G	Income, particularly car parking, closely monitored. Pressures also include meeting the Streetscene contract inflation. Change agreed is contribution to the reduction in ABG (22 July).
Merseytravel	-	-	27,344	-	-	27,344	G	Fixed amount - no change.
Local Pay Review	-	-	1,130	-	-	1,130	G	Available to meet implementation of the Review.
Contribution from Balances	-	-	(4,223)	-	-	(4,223)	G	Before changes agreed by Cabinet.
LABGI / LAA grants	-	-	(1,600)	+1,600	-	0	R	Govt announced in June that grants not now being allocated.
<b>Budget Requirement</b>	<b>9,815</b>	<b>5,297</b>	<b>331,783</b>	<b>-2,237</b>	<b>+1,860</b>	<b>331,406</b>		
<b>Income</b>								
Revenue Support Grant	-	-	20,016	-	-	20,016	G	Fixed amount - no change
Area Based Grant	-	-	42,725	-3,927	-	38,798	A	Govt announced reduced allocation. Note: Care at Home to be deleted.
National Non Domestic Rate	-	-	137,844	-	-	137,844	G	Fixed amount - no change
Council Tax	-	-	131,198	-	-	131,198	G	Fixed amount - no change
<b>Total Income</b>			<b>331,783</b>	<b>-3,927</b>	<b>-</b>	<b>327,856</b>		
<b>Statement of Balances</b>								
As at 1 April	-	-	10,723	-	-	10,723		Opening balance – forecast for 1 April 2011 is £6.5 million.
Contributions from Balances	-	-	(4,223)	-	-	(4,223)		Before changes agreed by Cabinet.
Contributions to Reserves	-	-	-	-	-	-		No changes approved by Cabinet.
Cabinet decisions	-	-	-	-1,600	-	(1,600)		Reduction in grants -£1.6m (24 Jun) LABGI/LAA loss being met from balances.
Changes – Agreed Cabinet	-	-	-	+2,910	-	+2,910		Fostering +£90k (18 Mar), 2009/10 Accounts +£3m (24 Jun).
Changes – Not Agreed	-	-	-	-	-1,860	-1,860		Based on the departmental projections – not approved.
<b>BALANCES</b>			<b>6,500</b>	<b>+1,310</b>	<b>-1,860</b>	<b>5,950</b>		<b>Projected balance at start / end of year</b>