

FINANCIAL MONITORING SUMMARY

REPORT OF THE DIRECTOR OF FINANCE

1. EXECUTIVE SUMMARY

- 1.1 This is one of a series of reports submitted throughout the year presenting an overview of the financial performance of the Council. It details any variations and provides a summary of the overall implications for the General Fund.

2. FINANCIAL MONITORING

- 2.1 Cabinet on 3 April 2008 agreed that I would provide this summary report to Cabinet and to Finance & Best Value Overview Committee following the end of each quarter and that it would compare spend against the approved budget. To support this each departmental Chief Officer provides an update on their departmental budget that includes references to growth items, savings and any other variations from the approved budget.
- 2.2 Members of Cabinet, Finance & Best Value Overview & Scrutiny Committee and Committee chairs also receive a monthly Financial Monitoring Statement.

3. FINANCIAL YEAR 2008/09

- 3.1 Subsequent to the agreement of the budget at Council on 3 March 2008 there were variations to reflect the final levies and the re-allocation of central and departmental recharges to reflect the agreed savings in departmental budgets. The table shows the Budget reported to Council with the Current Budget reflecting the decisions of Council and the changes referred to.

Expenditure	Council Budget	Current Budget
	£	£
Adult Social Services	86,671	86,656
Children & Young People	70,560	70,560
Corporate Services	6,422	5,915
Finance	20,526	21,048
Regeneration	41,229	41,229
Technical Services	35,609	35,609
Treasury Management	11,755	11,755
Merseytravel	25,311	25,311
Local Pay Review	4,546	4,546
Contribution (from) balances	(4,102)	(4,102)
Net Expenditure	298,527	298,527

4. FINANCIAL MONITORING 2008/09

4.1 Progress on implementing Policy Options

- 4.1.1 The growth and policy options agreed as part of the budget have been, or are in the process of being, implemented. In respect of Corporate Services the expansion of participatory budgeting through the Area Forums and the You Decide initiative was reported to Cabinet in July.

4.2 Progress on delivering savings

- 4.2.1 The savings target for Adult Social Services in £4.5 million and the proposals are essentially on target to be achieved during the financial year. There are, however, issues around the implementation of the locality structure (£0.7 million) which, if not in place during the summer, puts at risk the successful delivery of the savings in 2008/09. The review of out-of-home activities including day services (£0.7 million) is still being developed and is at risk of slipping. The director is investigating alternative and one-off savings to address any shortfall should the agreed savings not be achieved.
- 4.2.2 Within the Children and Young People Department target of £4 million are a number that involve a re-structuring of service areas and will impact upon employees. The timing of the implementation and the scale of these savings is placing additional pressures upon the existing vacancy control targets. The Director is considering other options in order to offset any increased costs in 2008/09.
- 4.2.3 All departments have a saving to be achieved through better, more efficient procurement and all are addressing the targets with the support of the Corporate Procurement Unit.

4.3 Impact of any Cabinet decisions that have budgetary implications

- 4.3.1 Cabinet on 26 June agreed a report of the financial out-turn for 2007/08 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balances at 31 March 2008 by £2.5 million. The main spending pressures being within Adult Social Services but were more than offset by the increase in Housing Benefit grant and the benefits that accrued from Treasury Management activities.
- 4.3.2 As at the end of June the only decisions affecting the agreed budget were in respect of the allocation of the £5.3 million Efficiency Investment Budget. The following variations are to be implemented in respect of the 2008/09 budget:-

Department	Area	£000
Children & Young People	Accommodation	250
	Early Years and Somerville Centre	25
Corporate Services	Senior management	225
	Tourism & Marketing	149
Finance	Government Connect	29
	Insurance cover	88
Regeneration	CCTV control room	97
	Parks Gateway review	40
Technical Services	Section 106 strategy	40

- 4.3.3 During July a number of reports were considered by Cabinet including the transformation of adult social services, fees for residential and nursing home services and the impact of energy price increases which will have budgetary implications for the current and future years.
- 4.3.4 Cabinet also received reports during July on the Insurance Fund and the Local Authority Business Growth Incentive grant that will realise financial benefits with the transfer of 'one-off' items in to Council balances.

4.4 Variations from the approved budget

4.4.1 The following sections highlight the issues in those areas of the budget that are identified as key risks in delivering the objectives of the department within the available resources. All are subject to closer monitoring because of the volatile nature of either demand or cost or because in recent years they have experienced pressures in keeping to the agreed budget.

4.4.2. Adult Social Services

The pressures of increasing demand for care services that resulted in an overspend in 2007/08 remain within community care services. With the issues highlighted previously around the savings from the changing structure the present projections indicate a £3.4 million overspend on Community Care. With the increasing utility costs in care homes the total increases to £3.6 million.

The Director reported to Cabinet in June and July on the actions being taken to mitigate the projected overspend which include spending reviews, re-ablement initiatives and tighter controls on accessing services.

4.4.3. Children and Young People

The areas that are the most volatile remain as Special Education Needs (SEN) and care services in respect of Looked After Children. In terms of SEN this has seen more placements, and at a higher cost, than planned and includes transport with a variation of £0.7 million identified. There are budget pressures from the care of young people that resulted in an overspend in 2007/08 and with the changes to the court proceedings project an overspend of around £0.6 million.

The impact of the savings is affecting employee budgets and, as highlighted previously, is placing pressures on the achievement of vacancy control targets which with the challenges from the delivery of the service re-engineering savings brought forward from 2007/08 form the significant part of the projected overspend of £3 million.

The Director is identifying actions to address this overspend that, as last year, will be from a combination of spending reduction measures and maximisation of grant opportunities.

4.4.4 Corporate Services

The additional budget allocation has met the financial pressures identified in the Coroner Service although this area continues to be closely monitored. At this stage there are no variations to report.

A report is to be presented to Cabinet on the budget virements required as a consequence of the creation of the new Department of Law, Human Resources and Asset Management.

4.4.5. Finance

The spend, and associated Government grant, in respect of Council Tax Benefit and Housing Benefit payments includes the largest individual budgets

in the Council. The service is subject to numerous performance and control measures to ensure that individuals receive the benefits to which they are properly entitled and the Council maximises the grant opportunities.

In previous years continuing improvements have been made through a combination of the opportunities offered by the Integrated Tax and Benefits System, improvements and efficiencies to the management and handling of claimants through the Customer Access channels and the maximisation of the grant support from the Government. This is within the departmental savings agreed for 2008/09 onwards.

4.4.6. Regeneration

Income generation is a key element of the budget with factors outside the control of the Council and culture is the largest energy user within the non-schools budget, a cost that remains largely outside the control of the Department.

At this stage income and energy costs are projected to be at variance with the budget and efforts are being made to contain spend within the budget allocated.

4.4.7. Technical Services

The budget is reliant upon income from car parking and planning and, as in previous years, the Director is highlighting shortfalls in these areas which will be difficult to accommodate from within the departmental budget.

The impact of rising energy prices continues to give cause for concern and form the basis of a report to Cabinet in July. At this stage this has been reflected in the street lighting energy contract for which additional resources are to be made available.

4.4.8. Treasury Management

The management of cash flow and the need to borrow to fund investment has been re-engineered which has reduced the requirement for temporary borrowing. The savings achieved in 2007/08 continuing and will deliver £0.5 million in 2008/09.

The opportunities offered by the increased rates offered by the banking sector have been taken as a consequence of the improved cash management. At this stage of the year the additional income realised is in the order of £0.3 million and which is expected to increase in the coming months.

4.5. **Other issues**

4.5.1 Local Pay Review

The progress on implementing the Local Pay Review, including Job Evaluation and Harmonisation, has regularly been report to Cabinet and is expected to be within the financial projections. Phase 1 has now been agreed and is being implemented during July / August enabling part of the sum to be allocated to individual departments.

4.6 Issues affecting future financial years

- 4.6.1 The pressures on care services and energy budgets have been highlighted in separate reports to Cabinet. The Directors involved will continue to identify progress in these areas and particularly energy as the revised contracts are agreed.
- 4.6.2 The revised Medium Term Financial Strategy was reported to Cabinet in July and the projected Budget continues to be updated and reported to Cabinet.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 When setting the 2008/09 budget the projected balances at 31 March 2009 were £5 million and the latest position is as follows:-

Details	£million	£million
Projected General Fund balances at 31 March 2009 when setting the budget for 2008/09		5.0
Cabinet decisions		
26 June - Financial out-turn for 2007/08 showed an underspending and contribution to balances		+2.5
Projected variances / potential overspends		
Overspend		
Adult Social Services	+3.6	
Children & Young People	+3.0	
Underspend		
Treasury Management	-0.8	-5.8
General Fund balances at 31 March 2009 based upon the latest projections		1.7

- 5.2 There are no additional staffing implications arising from this report.

IAN COLEMAN
DIRECTOR OF FINANCE

**WIRRAL COUNCIL - ADULT SOCIAL SERVICES DEPARTMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

At the time of writing this report, the projected budget deficit in 2008/09 for DASS is £3.6 million. This assumes that all Budget Efficiencies/Projects agreed by Council 3 March, and those that carried over from 2007/08 are delivered without slippage, and there is no further increase in FACS compliant demand.

POLICY OPTIONS

Details	£000	Comments / progress
Older People Parliament	20	

SAVINGS TARGETS

Details	£000	Comments / progress
Re-organisation of fieldwork teams	250	Locality structure for DASS agreed and being implemented over the next months. At risk if implementation is delayed.
Continuing E-Monitoring & Care Procurement process	100	E-Monitoring solutions being rolled out with Independent providers. There is evidence of reduced expenditure.
Choice through Individualised Care and Direct Payments	200	Savings arise through increased take-up of Direct Payments and people assessed as paying the full cost choosing to make their own arrangements. Local targets agreed and action plans in place.
Ensure funding is correctly allocated between PCT and DASS	200	Ongoing application of Continuing Health Care and Joint Funding criteria. Savings achieved as a result of full year impact of Panel decisions made in 2007/08.
Reduction in Management & Support costs	425	Locality structure for DASS agreed and being implemented over the next months. At risk if implementation is delayed.
Reduce posts in HR and staff development	250	New structure for Finance & Performance Branch agreed by Chief Executive on 18 April 2008. On target.
Reduce admin posts in SWIFT Team	150	New structure for Finance & Performance Branch agreed by Chief Executive on 18 April 2008. On target.
Care Services Procurement - joint working with PCT	100	Discussions being held with Wirral PCT in relation to Integrated Commissioning as part of the Transformation Programme. Risk of slippage.
Capital Strategy (residential care)	250	Options presented to Cabinet in June and further report in July 2008.
Increase in non-residential care charges	1,324	New charging policy implemented in January 2008. On target.
Review of out-of-home activities (day services)	700	Project currently being developed. At risk of slippage in 2008/09. Alternative, temporary efficiencies being investigated.
Corporate procurement target	545	Discussions held with Corporate Procurement Team to identify projects to

		take forward. Risk of slippage.
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BRIDGING FINANCE

Details	£000	Comments / progress
Increase in non-residential care charges	928	Increase in fees effective 2009/10.

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Community care	3,400	£3.4m is the underlying over-commitment on Community Care Budget. Action Plan developed to reduce spending through reviews, re-ablement and tighter controls on Access.
Utility costs in care homes	200	Will be managed by in-house Care Services budget re-alignment.

JOHN WEBB
DIRECTOR OF ADULT SOCIAL SERVICES

**WIRRAL COUNCIL - CHILDREN AND YOUNG PEOPLE'S DEPARTMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

At the time of writing this report the projected budget deficit for the Children and Young People's Department is £3m and the principal variations are identified and described below. Action is being taken to improve the position, by identifying opportunities in grant funding and other expenditure restrictions. These are currently being evaluated and will be included in future reports.

POLICY OPTIONS

Details	£000	Comments / progress
Youth Parliament	20	Decisions to be taken on spend by young people.

SAVINGS TARGETS

Details	£000	Comments / progress
Reduce sickness levels	100	Sickness levels and the impact on Agency costs will be monitored
Facilities management – Children's Homes	25	Repair and maintenance budget reduced.
Independent residential care.	650	The target for residential placements has reduced from 47 to 39.
Closure of Poolwood Children's Home	500	The home closed in December 2007
Staff savings from reviews in Social Care	573	The savings in Family support, Youth Offending, CAMHS and Support are being implemented.
Staff savings from reviews in Participation and Inclusion	528	Savings in BIP, Play Services and Social Welfare have been implemented. In addition the costs of joint funded places have been reviewed, resulting in additional costs in the Schools Budget
Planning and Resources	421	Support posts have been reduced and vacant posts deleted.
Learning and Achievement Savings in the Music service, support at Acre Lane and Early Years	601	The number of posts will be reduced. In addition Music Tuition Charges will be increased and some posts will be funded from grant
Procurement	583	This will be found from within residential care (North West Authority Consortium) and working with Procurement Unit on training, conferences, accommodation, travel, agency staff and IT hardware.

BRIDGING FINANCE

Details	£000	Comments / progress
None		

CABINET DECISIONS

Date	Details	£000
16 June 2008	Increase Fostering Allowances Deferred	250

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Outstanding Service Re-engineering	486	Unidentified / one-off savings in 2007/08 carried forward into the new financial year.
Vacancy Control	850	Staff savings delete over £700,000 in vacant posts. The existing vacancy target of £1m will therefore be challenging. Savings are required from reducing sickness (£100,000) and costs have been incurred prior to redeployment of staff.
Home to School Transport	350	The budget overspend in 2007/08 resulted in part from more taxi journeys. Contractors have made representations about the difficulties they are facing as a result of the rises in fuel and transport costs. This will be reported to Cabinet.
Children's Homes	400	There are additional budget pressures from the care of young people in Children's Homes, resulting in a budget overspend in 2007/08.
Legal, Court and Medical Fees	150	These budgets are under pressure. A budget to cover the additional cost of child court proceedings has been created. This will be reviewed in year.
Special Education Needs	300	There are more placements in Independent Special Schools at a higher cost than planned.
Early Years	150	The numbers of Children in Early Years settings have exceeded the budget provision in the summer term.
Computer software costs	150	There has been an increase in maintenance and license costs, some areas are no longer grant funded.
Emergency Duty Team	160	This represents the department's share of additional staff costs in 2007/08. This is a joint service with Adult Social services and is currently being reviewed.

HOWARD COOPER
DIRECTOR OF CHILDREN AND YOUNG PEOPLE'S SERVICES

**WIRRAL COUNCIL - CORPORATE SERVICES DEPARTMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

There are no variations to be highlighted at this time.

POLICY OPTIONS

Details	£000	Comments / progress
Local Area Agreement	200	For specific purpose of assisting in the delivery of the Local Area Agreement.
You Decide Area Forum	220	Initiative delivering more choice to local people about services.
Assistance for Rempoy	6	To facilitate the exploration of contracts between the Council and Rempoy
Support for Wirral's Veterans	15	Available to bodies representing veterans. National Veterans Day in June.

SAVINGS TARGETS

Details	£000	Comments / progress
Strategic Development staff	75	Budgets reduced in Corporate Services
Corporate Policy restructure	60	Budgets reduced in Corporate Services
Tourism and Marketing	60	Budgets reduced in Corporate Services
Integrated Payroll operation	50	Budget reduced in Corporate Services
Review of Central Services	50	Budgets reduced in Corporate Services
Review of Legal Services	40	Budgets revised within Corporate Services
Transformational Change	30	Budget reduced in Transformational Change
Skills specific training.	25	Budget reduced in Corporate Services
Supplies & Services savings including procurement	148	£100k identified and relevant budgets reduced. £48k savings yet to be identified

CABINET DECISIONS

Details	£000	Comments / progress
None		.

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Asset Management		The disposal of land is traditionally a volatile area and remains closely monitored throughout the year.
Coroners Service		The budget was increased for 2008/09, having overspent in previous years. It continues to be closely monitored.

**J WILKIE
DEPUTY CHIEF EXECUTIVE
DIRECTOR OF CORPORATE SERVICES**

**WIRRAL COUNCIL - FINANCE DEPARTMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

Spend is anticipated to be contained within the overall budget allocated. Savings are essentially achieved and efforts continue to try and ascertain other areas of financial benefit.

POLICY OPTIONS

Details	£000	Comments / progress
Council Tax discount	40	Increased number of applicants presently being assessed.

SAVINGS TARGETS

Details	£000	Comments / progress
Corporate ICT staffing	100	Achieved. Staffing changes made.
Housing / Council Tax benefit subsidy	600	Achieved. Continuing improvements from improved service delivery and maximising grant opportunities.
Integrated IT system – staffing and contract	380	Achieved. Reduced staffing and revised contract effective 2008/09.
Cash collection at OSS	30	Achieved. Alternative facilities provided.
Call centre staffing	80	Achieved. Staffing numbers reduced.
IT Systems support	200	Achieved. New contractual arrangements in place for 2008/09.
Procurement	306	Addressing areas to identify savings including insurance tenders.

CABINET DECISIONS

Date	Details	£
Various	Allocation of the £5.3 million Efficiency Investment Budget to support initiatives	

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Housing and Council Tax Benefit	120million	The size and nature of the budget make this a key area within the departmental budget. Performance in this area is closely monitored.

**IAN COLEMAN
DIRECTOR OF FINANCE**

**WIRRAL COUNCIL - REGENERATION DEPARTMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

At this stage no variations identified although pressures remain on delivering the prior year service re-engineering savings, meeting increasing energy costs and the reliance upon meeting income targets.

POLICY OPTIONS

Details	£000	Comments / progress
Anti-dog fouling measures	40	Intensive enforcement to prevent dog fouling, improved signage and publicity for dog owners.
Allotment sustainability	40	Appointment of a part time Community Development Officer for 2 years to liaise with allotment holders.
Get into reading	75	Three year funding, at £25,000 a year, being the Council's contribution to the "Get into Reading" project.
Improve access pathways	30	Environmental improvements to be made to public open spaces to improve or provide additional access pathways and additional tables and seating.
Clean-Ups play areas	20	A pilot scheme responding flexibly outside normal hours, for children's play areas during periods of high use.
Heritage issues	20	A sum of £5,000 for the continued development of the Heritage Group and £15,000 for the delivery of a Heritage Strategy for Wirral in 2008/09, in consultation with the Heritage Group)

SAVINGS TARGETS

Details	£000	Comments / progress
Community Support Officers	105	Reduction of support costs to Police, budget reduction implemented.
Housing finance from grants to loans - staff re-assignment	86	Budget reduction implemented.
Alleygating Programme	66	Support reduced to residual maintenance, reduction implemented.
CCTV Control room	51	Review of Control Room operating hours, reduction implemented.
Improved use of IT	29	Budget reduction implemented.
Finance Monitoring Post	27	Budget reduction implemented.
Housing Strategy	14	Budget reduction implemented.
Procurement	443	Budgets yet to be reduced

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Repairs and Maintenance	1,173	Will continue to be monitored during the year.
Energy costs	1,503	This area will be monitored closely during the year. Energy efficiency schemes should produce savings in 2008/09.
Cultural Service Income Levels	9,094	Will be monitored closely, income levels can vary significantly mainly because of adverse weather conditions. Delays in completing the Oval could have implications in 2008/09.
Service re-engineering	634	Various options are currently being considered.
Procurement saving	443	Several budgets are wholly funded by grant or produce significant levels of income. Reducing the expenditure lines without consideration of the grant or income implications could result in reduced income levels, negating the effect of the budget reduction.

**ALAN STENNARD
DIRECTOR OF REGENERATION**

**WIRRAL COUNCIL - TECHNICAL SERVICES DEPARTMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

Budget monitoring reports during 2007/08 identified deficits within the operational services of car parking and building & development control fee income. Compensatory savings broadly balanced the 2007/08 budget but there are continuing problems in the areas of energy, land charges, and general procurement savings which are under review and will be subject to a further report to Cabinet. In relation to land charges Cabinet will shortly receive a report on the future of this service. At this stage it is unlikely that the variations identified from the above can be fully accommodated within existing resources.

POLICY OPTIONS

Details	£000	Comments / progress
Carbon Reduction	115	
Graffiti Removal	30	

SAVINGS TARGETS

Details	£000	Comments / progress
Traffic management	35	
Energy conservation	5	
Building and Development Control administration	50	
Highways maintenance	75	
Waste contract mgt/admin	45	All the savings, other than procurement, have been incorporated in to the departmental budgets.
External services income	55	
Review of waste budgets	142	
Streetscene / grass cutting contract extended	30	
School crossing patrols	32	
Health & safety admin	30	
Increase car park charges	100	
Development control	50	
Instigate CRM project	50	
Review admin in view of IT	30	
Highways maintenance	283	
Procurement	225	

CABINET DECISIONS

Date	Details	£
None		.

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Energy Budgets	780	To be the subject of a Cabinet Report.
Planning Delivery Grant	109	This grant is discontinued.
Waste Performance	142	This grant is discontinued.

**DAVID GREEN
DIRECTOR OF TECHNICAL SERVICES**

**WIRRAL COUNCIL - TREASURY MANAGEMENT
FINANCIAL MONITORING REPORT 2008/09
POSITION AS AT 30 JUNE 2008**

SUMMARY

Currently the Treasury Management spend is projected to realise benefits of 30.8m through maximising the investment opportunities offered by the financial markets and the improved cash flow management which has reduced the need for temporary borrowing. These areas of potential volatility continue to be closely monitored.

POLICY OPTIONS

Details	£000	Comments / progress
Match funding pot	200	Central allocation increased and now available

SAVINGS TARGETS

Details	£000	Comments / progress
None		

BRIDGING FINANCE

Details	£000	Comments / progress
None		

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Investment Income	300 u/s	The constantly changing financial environment hinders accurate projections of the investment income achievable in the coming year. At 30 June secured £3m of investment income against a target of £2.7m realising as saving of £0.3m.
Temporary Borrowing	500 u/s	Due to better cash flow management the need for temporary borrowing has almost been eliminated. This will generate an annual saving of approximately £0.5m.
Minimum Revenue Provision		Government changes to the calculating of the minimum revenue provision may have an impact on revenue. This impact will be assessed in the coming months and will be reported at later date.

**IAN COLEMAN
DIRECTOR OF FINANCE**