

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

16 MARCH 2011

SUBJECT	FINANCIAL MONITORING STATEMENT
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR JEFF GREEN
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 31 January 2011.

2.0 RECOMMENDATION

- 2.1 That the contents of the Financial Monitoring Statement be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Statement is sent out after the end of each month to all Members of the Council. At each meeting of this Committee a formal report is produced to accompany the latest available Statement.

4.0 BACKGROUND AND KEY ISSUES

MONITORING STATEMENT

- 4.1 The 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.

IMPACT OF CABINET DECISIONS HAVING BUDGETARY IMPLICATIONS

- 4.2 On 18 March 2010 Cabinet allocated £90,000 to meet the inflationary increase in the costs of fostering.

- 4.3 On 24 June 2010 Cabinet agreed the financial out-turn for 2009/10 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balance at 31 March 2010 of £3 million after the release of £2.5 million from the Insurance Fund.
- 4.4 The same meeting also considered a report on the reduction in grants to local government in 2010/11. Cabinet requested a further report on 22 July 2010 on the Area Based Grant reduction of £3.9 million. The expected £1.4 million of Local Authority Business Growth Incentive and £0.2 million of Local Area Agreement will not now be received and this loss of 'one-off' funding is being met from balances.
- 4.5 On 22 July 2010 Cabinet agreed to a number of reductions in departmental budgets to offset the loss of the £3.9 million of Area Based Grant in 2010/11.
- 4.6 On 2 September 2010 Cabinet agreed a report on the Insurance Fund Actuarial Review which included the release of £3.4 million from the Insurance Fund to balances.
- 4.7 On 4 November 2010 Cabinet agreed to the appropriate budget virements to reflect the re-allocation of the former Regeneration Department activities.
- 4.8 On 9 December 2010 the mid-year review of Balance Sheet Management resulted in £1.2 million being released to balances. The same meeting approved the new Energy Contracts for which there was an increased cost of £150,000 in 2010/11 to be met from balances and to the funding of any additional Highways winter maintenance costs from balances.

LATEST DEPARTMENTAL PROJECTIONS

- 4.9 The Statement presents an update of the revenue budget and General Fund balances as at 31 January 2011. At this stage of the financial year only Children & Young People are projecting an overspend whilst the potentially volatile areas within departments are:-

Adult Social Services

There are continuing pressures on the community care budgets (particularly learning disabilities), income targets and transport. These have been assessed at around £3.5 million which is a reduction from the £4.4 million identified at 31 December 2010 through working with health partners and the impact of austerity measures. The Interim Director is reviewing options before declaring a potential overspend.

Children and Young People

There are significant pressures on the budget, particularly care services. The number of children in residential care is above the target and foster care placements have increased during the year. These form the major part of the projected overspend which is partially offset by vacancy control savings giving a net £1.8 million projected overspend.

Finance

Housing benefit and treasury management activities remain the key areas. The management of the cash-flow and the increase in investment income is expected to achieve a surplus of £0.7 million.

Technical Services

Income streams particularly planning and development control and car parking are likely to result in a shortfall of £0.6 million. Within Cultural Services income forms a significant element of the budget and is proving difficult to achieve. The Director is looking to identify compensatory savings but has identified £0.3 million of pressures around the theatre. Overall pressures of £0.9 million have been reported by the Director. In respect of winter maintenance a report will be presented to Cabinet on the costs incurred. Cabinet have agreed to meet any additional costs from balances.

5.0 RELEVANT RISKS

- 5.1 The risks are incorporated within section 4 of this report. Any variations from the agreed budget will impact, positively or negatively, upon Council balances and so affect the financial position.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 There are no options considered in this report.

7.0 CONSULTATION

- 7.1 No specific consultation has been undertaken with regard to this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are no direct implications arising from this report.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

- 9.1 As at 31 January 2011 the decisions taken by Cabinet and the overspend in Children & Young People if realised, would result in balances at 31 March 2011 of £12.1 million. This is more favourable than £6.5 million that was projected when setting the 2010/11 budget. All Directors continue to look at actions to address any pressures within their departmental budgets.

Details	£million	£million
Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11		6.5
Cabinet decisions		
18 March - Foster care costs increased for inflation		-0.1
24 June - Financial out-turn 2009/10 showed an underspending and increase in balance		+3.0
24 June - Reduction in grants to local authorities 2010/11. Area Based Grant of £3.9 million and 'One-off' LABGI/LAA grants of £1.6 million		-5.5
22 July - Reduction in grants to local authorities 2010/11 . Agreed savings from departmental budgets		+3.9
2 September - Actuarial Review released Insurance Fund resources to balance		+3.4
9 December – Balance Sheet Management review released £1.2 million. Increased Energy Contract costs of £0.1 million in 2010/11		+1.1
Personal Care at Home initiative not progressed by the Government (Council reduction net of grant)		+1.0
Projected variances / potential overspends		
Overspend		
Children & Young People	+1.8	
Underspend		
Finance	-0.7	-1.1
General Fund balance at 31 March 2011 based upon the latest projections		12.2

STAFFING

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

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required for this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

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APPENDICES

Financial Monitoring Statement 2010/11 - Position as at 31 January 2011.

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
In respect of the 2010/11 financial year:- Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	8 July 2010
Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	21 September 2010
Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	18 November 2010
Council Excellence Overview & Scrutiny Committee – Financial Monitoring Statement	31 January 2011

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2010/11

POSITION AS AT 31 JANUARY 2011

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	-2,650	Pressures of £3.5m	83,247	A	Additional NHS income and enhanced austerity measures reduced pressures from £4.4m. Challenges within community care, learning disabilities and transport. Changes agreed being a contribution to reduction in ABG and Personal Care at Home not proceeding.
Children & Young People	100	280	78,406	-1,230	+1,800	78,976	A	Residential care (+£2.2m), foster care (+£1.1m) increases are partially offset by vacancy control (-£0.7m) and the use of grants (-£0.5m). Changes agreed are contribution to the reduction in ABG and Regeneration budget disaggregation.
Corporate Services	345	-	6,008	+25,269	-	31,277	G	No issues. Changes agreed are contribution to reduction in ABG and Regeneration budget disaggregation.
Finance	505	1,410	26,096	+6,760	-700	32,156	G	Housing Benefit largest budget and demand continues to increase. Treasury Management income is expected to exceed the budget. Change agreed is Regeneration budget disaggregation.
Law, HR and Asset Mgt	66	-	8,384	+10,048	-	18,432	G	No issues. Change agreed is contribution to reduction in ABG and the Regeneration budget disaggregation.
Regeneration	4,166	-	60,837	-60,837	-	-	G	Budget re-allocated following Cabinet in November.
Technical Services	1,033	640	43,504	+16,203	Pressures of £900	59,707	A	Income pressures building/development control, land charges, car parking, cultural services and architects fees. Changes agreed are contribution to reduction in ABG and Regeneration budget disaggregation.
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.
Budget Requirement	9,815	5,297	331,783	-4,837	+1,100	328,046		
Income								
Revenue Support Grant	-	-	20,016	-	-	20,016	G	Fixed amount - no change
Area Based Grant	-	-	42,725	-5,527	-	37,198	A	Govt reduced grant by £3.9m. Care at Home of £1.6 now 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
Total Income			331,783	-5,527	-	326,256		
Statement of Balances								
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	-	-	-	+7,600	-	+7,600		2009/10 Accounts +£3m (24 Jun), + £3.4m Insurance Fund (2 Sept), + £1.2m Review of Reserves and Provisions (9 Dec).
Changes – Agreed Cabinet	-	-	-	-840	-	-840		Fostering +£90k (18 Mar), Reduction in grants +£1.6m (24 Jun) for LABGI/LAA loss, Personal Care at Home not proceeding saves -£1m (£2.6m option less £1.6m of ABGrant), Energy +£150k (9 Dec).
Changes – Not Agreed	-	-	-	-	-1,100	-1,100		Based on departmental projections (excluding Adult Social Services and Technical Services). These have not been approved by Cabinet.
BALANCES			6,500	+6,760	-1,200	12,160		Projected balance at start / end of year