

WIRRAL COUNCIL

CABINET

7 JUNE 2007

FINANCE & BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

19 JUNE 2007

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL MONITORING SUMMARY

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. This report details the key variations for this financial year and provides a summary of the overall implications for the General Fund.

2. FINANCIAL MONITORING

- 2.1. The Executive Board on 6 April 2006 agreed that a financial monitoring report would be presented to each cycle of meetings and that the financial monitoring report would compare spend against the approved budget.
- 2.2. Cabinet on 24 May 2007 agreed that for 2007/08 I will provide a summary report to the Cabinet and the Finance & Best Value Overview & Scrutiny Committee. Each departmental Chief Officer is to submit an update on their departmental budget that includes references to growth items (including the progress on implementing policy options) and savings (including separate comments on service re-engineering) and any other variations from the approved budget.

3. FINANCIAL YEAR 2006/07

- 3.1 At the time of preparing this report work continues on completing the accounts for the 2006/07 financial year and further details will be included in a future report to the Cabinet.

4. FINANCIAL YEAR 2007/08

- 4.1. Subsequent to the agreement of the budget at Council on 1 March 2007 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.

- 4.2 The table shows the Budget reported to Council with the Current Budget reflecting the decisions of Council and the changes referred to in Section 4.1.

| Expenditure | Council Budget | Current Budget |
|------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Adult Social Services | 77,623,300 | 77,616,400 |
| Children & Young People | 58,940,400 | 59,243,600 |
| Corporate Services | 5,896,200 | 6,131,000 |
| Finance | 14,868,600 | 14,388,400 |
| Regeneration | 32,766,800 | 32,777,900 |
| Technical Services | 33,344,000 | 33,802,700 |
| Treasury Management | 6,374,500 | 6,203,800 |
| Merseytravel | 24,242,000 | 24,242,000 |
| Local Pay Award | 5,927,500 | 5,927,500 |
| LABGI grant | (920,000) | (920,000) |
| Contribution (from) balances | (5,412,700) | (5,762,700) |
| Net Expenditure | 253,650,600 | 253,650,600 |

5. FINANCIAL MONITORING 2007/08

5.1 Progress on implementing Policy Options

- 5.1.1 The policy options are detailed in the appendix and either have been implemented, or are being implemented over the coming months. Within these the main new initiative was that offering Pensioner Council Tax Discounts for over 75's. To date around 7,000 have applied for the discount which is in excess of expectations.

5.2 Progress on delivering savings

- 5.2.1 The agreed savings are detailed in the appendix and have been incorporated into the departmental budgets for 2007/08. £3.2 million of the £7.5 million is within Adult Social Services and the Director has reported good progress in all areas apart from the £100,000 from integrated management with the Primary Care Trust where discussions are at an early stage.

5.3 Progress on delivering Service Re-engineering savings

- 5.3.1 The target savings of £5.35 million to be achieved by 31 March 2008 have been included in the estimates. A separate report on this is included on this agenda identifying the progress made to date.

5.4 Impact of Cabinet / Executive Board decisions

5.4.1 Executive Board on 26 April 2007 considered the proposals for the development of New Brighton which include plans for the Floral Pavilion that is presently closed. It was agreed that provision be made in the Regeneration Department budget for the loss of revenue in 2007/08 of £0.3 million and that the additional requirements for future years should be built into the budget projections. Cabinet requested that the finances be reviewed to see if any reductions could be made.

5.5 Variations

5.5.1 At this stage of the financial year there are no variations to report. The following sections highlight those areas of the budget that are identified as key risks in delivering the objectives of the department within the available resources. These 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.

5.5.2. Adult Social Services

The Director has regularly reported in previous years upon the pressures of increasing demand for care services and this remains the case in 2007/08. Community care services and client income are the key elements and the agreed savings are reliant upon changes in domiciliary care and closer working with the Primary Care Trust together with revisions to fees and charges. The financial position will continue to be closely monitored. At this stage the Director of Adult Social Services has not identified any further issues within the budget and continues to monitor demand.

5.5.3. Children and Young People

The areas that are the most volatile are identified as Special Education Needs (SEN), Home to School transport and care in respect of Looked After Children. In terms of SEN the risk of overspending has reduced with growth included for 2007/08 whilst the pressures from SEN add to the transport costs. Spend on independent residential care and foster care payments totals almost £12 million with the number of children supported being 77 and 492 respectively. The Director reports that both need to be reduced to remain within the available budget and steps are being taken to achieve this.

5.5.4 Corporate Services

The Deputy Chief Executive/Director of Corporate Services has reported the financial position for the Coroner Service. This budget is not controlled by the Council and efforts will be made to contain this overspend through compensatory savings from elsewhere within the department.

5.5.5. 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 being around £120 million per year. As such 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.

5.5.6. Regeneration

The 2007/08 budget includes the sum of £1.9 million to offset the increasing pressures faced within Cultural Services for reducing income and increasing energy costs. Income generation remains a central feature of the budget with income subject to changes in demand, legislation, competition and seasonal factors with many of the factors outside the control of the Council. Culture is the largest energy user within the non-schools budget and this is a cost that remains largely outside the control of the Department. Energy costs are not now increasing at the rates of previous years and investment is being made in energy efficiency measures but this remains a volatile area of the budget.

5.5.7. Technical Services

The departmental budget is heavily reliant upon income from recycling and car parking. The Director highlights the profit sharing arrangement in respect of Bidston with the Merseyside Waste Disposal Authority as an issue that will be the subject of a future report to Cabinet. In recent years the income from car parking has seen reductions resulting from compliance with parking regulations and a reduction in penalty notices as well as consumer resistance to price increases.

5.6 **Issues affecting future financial years**

5.6.1 From the preceding sections the key areas remain as those highlighted within Adult Social Services and Children & Young People given the demand for care services. The decision of Cabinet on 26 April 2007 regarding the New Brighton development will be reflected in the Projected Budget for 2008-2011.

6. **FINANCIAL AND STAFFING IMPLICATIONS**

6.1 At this time the 2006/07 accounts are being completed and a report on the final position will be brought to a future meeting of the Cabinet.

6.2 When setting the 2007/08 budget the projected balances at 31 March 2008 were £4.5 million and the latest position is as follows:-

| Details | £million | £million |
|---|----------|----------|
| Projected General Fund balances at 31 March 2008 when setting the budget for 2007/08 | | 4.5 |
| Cabinet / Executive Board decisions | | |
| 26 April 2007 New Brighton and loss of income for Floral Pavilion (see section 5.4.1) | - 0.3 | |
| General Fund balances at 31 March 2008 based upon the latest projections | | 4.2 |

6.3 There are no additional staffing implications arising from this report.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1 There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

8.1 There are none arising directly from this report.

9. COMMUNITY SAFETY IMPLICATIONS

9.1 There are no specific implications arising from this report.

10. LOCAL MEMBERS SUPPORT IMPLICATIONS

10.1 There are no specific implications for any Member or Ward.

11. LOCAL AGENDA 21 IMPLICATIONS

11.1 There are none arising directly from this report.

12. PLANNING IMPLICATIONS

12.1 There are none arising from this report.

13. BACKGROUND PAPERS

13.1 None used in the preparation of this report.

14. RECOMMENDATION

14.1 That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

WIRRAL COUNCIL

REVENUE BUDGET 2007/08

AGREED POLICY OPTIONS

Children & Young People

| | |
|--|--------|
| LEA Initiative – music partnership | 30,000 |
| Children and foster care – personalise rooms | 10,000 |
| Youth Participation – democratic processes | 10,000 |

Corporate Services

| | |
|--------------------------------------|--------|
| E Recruitment (funded from Reserves) | 25,000 |
|--------------------------------------|--------|

Finance

| | |
|-----------------------------------|---------|
| Pensioner Discounts for over 75's | 220,000 |
|-----------------------------------|---------|

Regeneration

| | |
|--|---------|
| Free swimming for younger people and pensioners | 180,000 |
| Youth sports night programme | 50,000 |
| Dog fouling enforcement | 20,000 |
| Smoke free campaign (funded from Grant) | 180,000 |
| Cultural Services development plan (funded from SRE reinvestment) | 100,000 |
| Improving security in parks and cemeteries (from Property Maintenance) | 50,000 |

Technical

| | |
|--|---------|
| Micro generation and carbon (funded from Property Maintenance) | 100,000 |
|--|---------|

TOTAL POLICY OPTIONS **975,000**

APPROVED SAVINGS

Adult Social Services

| | |
|--|-----------|
| Domiciliary Care – Efficiency Delivery Programme | 1,000,000 |
| Joint commissioning with Health Services | 300,000 |
| Reduced funding commitments following legal judgements | 400,000 |
| Fairer Charging Policy – non residential care | 300,000 |
| Fieldwork bank staff | 100,000 |
| Charges for respite care | 60,000 |
| Enablement of Homecare services | 400,000 |
| Fairer charging policy in regard to transportation | 200,000 |
| Grogan judgement | 300,000 |
| PCT integrated management | 100,000 |
| Car allowances | 42,700 |

3,202,700

Children and Young People

| | |
|--|--------|
| PFI reduction in consultants and support costs | 50,000 |
| Instrumental Music Service - increased tuition fees | 25,000 |
| Oaklands. Reduce council subsidy | 25,000 |
| Foundation Consultants. Additional support from the centre | 50,000 |
| Reduce EW establishment by two and reorganise | 60,000 |
| Reduce Ed. Psych establishment by two | 90,000 |
| PFI reduce support management | 25,000 |
| Performance Management. Two posts | 50,000 |
| Staff support budget | 30,000 |

| | |
|--|------------------|
| Transport to Solar Campus | 56,000 |
| Remove subsidy for F buses | 60,000 |
| Youth Offending Service | 70,000 |
| Toy library and Sure Start | 55,000 |
| Independent emergency beds | 100,000 |
| Fostering, adoption and children's grants | 40,000 |
| Children's services repairs and maintenance (one year) | 50,000 |
| LEA initiatives (used to fund policy option) | 30,000 |
| Car allowances | 74,300 |
| | 940,300 |
| Corporate Services | |
| Reduction in Voluntary Sector budget | 60,000 |
| Reduction in Schedule of Rates | 60,000 |
| Closure of tourism information centre | 58,000 |
| LA 21 initiatives fund | 40,000 |
| Car allowances | 4,500 |
| | 222,500 |
| Finance | |
| Call centre developments / working practices | 80,000 |
| Car allowances | 8,800 |
| Procurement – Part of Service Re-Engineering | 1,650,000 |
| | 1,748,800 |
| Technical Services | |
| Efficiencies within the waste collection contract | 285,000 |
| Increased highway enforcement | 85,000 |
| Administrative Buildings | 50,000 |
| Street lighting | 10,000 |
| Use fee charging for energy conservation team | 75,000 |
| Energy efficiency programme - phase 2 | 69,000 |
| Street Scene - phase 2 | 50,000 |
| Integration of building and development control | 50,000 |
| Review charges on capital projects | 50,000 |
| Charge for technical assistance re pre planning applications | 30,000 |
| General review of charging policy | 20,000 |
| Car allowances | 32,700 |
| | 806,700 |
| Regeneration | |
| Capitalise HMRI grant | 135,000 |
| Resolution of contractor dispute (one off) | 120,000 |
| Deletion of vacant posts | 80,000 |
| Review contribution to Health Links | 54,000 |
| Amend staff duty rotas | 50,000 |
| Extended schools provision re community services | 30,000 |
| Renegotiate funding of Community Support Officers | 25,000 |
| Re-profile alley gate programme | 25,000 |
| Car allowances | 25,200 |
| | 544,200 |
| TOTAL SAVINGS | 7,465,200 |