

WIRRAL COUNCIL

FINANCE & BEST VALUE OVERVIEW & SCRUTINY COMMITTEE

17 SEPTEMBER 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. It was presented to the Cabinet on 6 September 2007.

2. FINANCIAL MONITORING

- 2.1. Cabinet on 24 May 2007 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. I provide the summary report to the Cabinet and the Finance & Best Value Overview & Scrutiny Committee. Each departmental Chief Officer submits 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 A summary was presented to Cabinet on 20 June 2007 that reported an underspend of £0.9 million on departmental budgets and this sum has been added to General Fund balances.
- 3.2 This cycle of Scrutiny Committees will include departmental reports on the financial out-turn for 2006/07.

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 below 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 Review	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 All the policy options have either 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. Over 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 have been incorporated into the departmental budgets for 2007/08. £3.2 million of the £7.5 million is within Adult Social Services.
- 5.2.2 The Director of Adult Social Services has reported good progress in most areas. The Department is working with providers on implementing an e-monitoring system as part of the domiciliary care efficiency programme savings of £1 million and some slippage is expected in 2007/08. Slippage is also projected in respect of the £0.3 million target for joint commissioning with Wirral Primary Care Trust. Both are reflected in the potential overspend on Community Care.

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 agenda identifies the progress made to date and highlights that five of the six departments have still to finalise their proposed savings.

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 that include plans for the Floral Pavilion which 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 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.

5.5.2. Adult Social Services

The Director has regularly reported upon the pressures of increasing demand for care services and this remains the case in 2007/08. Community care services and client income are 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. As identified in section 5.2.2 the forecasts based upon the first three months of the year project a £2.3 million overspend on Community Care and £0.2 million on utility costs in care homes. The financial position continues to be closely monitored and options to slow down spending or bring forward savings are being considered.

5.5.3. Children and Young People

The areas that are the most volatile are 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 although there is a potential £0.3 million overspend. Spend on independent residential care and foster care payments totals almost £12 million with the number of children supported being almost 600. The budgets are based upon achieving a reduction in numbers and the Director has highlighted that additional costs are being incurred of potentially £0.8 million. Actions are being taken to remain within the available budget.

5.5.4 Corporate Services

The Deputy Chief Executive/Director of Corporate Services has reported the financial position for the Coroner Service. Efforts are being made to contain the projected 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 £1.9 million allocated to offset the increasing pressures faced within Cultural Services for reducing income and increasing energy costs. Income generation is a key element of the budget with income subject to changes in demand, legislation, competition and seasonal factors with many of these 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. At this stage income and energy costs are projected to be in line with the budget.

5.5.7. Technical Services

The departmental budget is 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 from compliance with parking regulations, a reduction in penalty notices as well as consumer resistance to price increases.

5.6 **Local Pay Review**

5.6.1 As part of the Local Pay Review the Council is looking to make equal pay settlements during the current financial year. These settlements have to be met from revenue resources unless permission to capitalise the costs is received from the Department for Communities and Local Government. A bid to capitalise was submitted by the deadline of 31 May 2007 with the DCLG to make a decision by 28 September 2007. Based upon the latest projections, and if approval was granted in line with 2006-07, then the cost to revenue in 2007/08 would be in the region of £4 million.

5.7 **Issues affecting future financial years**

5.7.1 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 is reflected in the Projected Budget for 2008-2011.

6. FINANCIAL AND STAFFING IMPLICATIONS

- 6.1 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	
20 June 2007 Revenue out-turn report for 2006/07 and net underspend (see section 3.1)	+0.9	
Local Pay Review		
Estimated costs to be met from revenue resources in 2007/08 (see section 5.6)	-4.0	
General Fund balances at 31 March 2008 based upon the latest projections		1.1

- 6.2 The Directors of Adult Social Services and Children & Young People have both identified pressures in keeping spend within the allocated budget. These are referred to in sections 5.5.2 and 5.5.3 with the figures quoted being £2.5 million for Adults Social Services and £1.8 million for Children and Young People, the latter including an element for outstanding Service Re-engineering savings. At this stage it is assumed that any overspends will be contained within the approved budget.
- 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

FNCE/201/07

**WIRRAL COUNCIL - ADULT SOCIAL SERVICES DEPARTMENT
FINANCIAL MONITORING REPORT 2007/08
POSITION AS AT 31 JULY 2007**

SAVINGS NON-SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Domiciliary care – Efficiency programme	1,000	Working with providers on implementing an e-monitoring system. Change Plan agreed and audit of activity underway. Slippage is included in the projected overspend on Community Care budget
Continuing health care – funding following Grogan	700	Programme of reviews in place to re-assess funding of existing placements. Joint funding Panel applying national criteria. Likely to be achieved in full.
Homecare Services (Re-ablement project)	400	Change Plan implemented – on target to achieve savings.
Fairer charging policy	360	Policy implemented 1 st April 2007 – on target with potential to contribute further to the re-engineering target 2007-08.
Joint commissioning	300	Discussions being held with Wirral PCT - Currently reviewing major contracts but savings likely to slip into 2008-09. (Included in the projected overspend on Community Care)
Transport strategy	200	Consultation underway – Some slippage likely but being addressed by one-off savings within Care Services.
Fieldwork bank staff	100	Recruitment process underway – On target. No agency staff currently employed in Fieldwork.
Integrated management	100	Discussions with PCT at an early stage. Slippage likely but being offset by current vacancies.
Car allowances	43	Budget reduced and being closely monitored against delegated targets.

SAVINGS SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Finance & Support Services Division	337	Restructure of the Division agreed by E&A Committee on 19 th March - On target
To be identified	958	Considering options to bring forward savings targets from the Efficiency Plan 2008-11 when agreed.
Target for the year	1,295	

POLICY OPTIONS

Details	£000	Comments / progress
None		

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Community care	£2.3m potential overspend	Both expenditure and income remain volatile. FACS criteria is consistently applied to new activity and reviews of current packages are underway.
Utility costs in care homes	£0.23m projected overspend	Potential overspend due to contract prices but seeking compensatory savings in Care Services

FORECASTED VARIATIONS

Current forecasts have been provided by the Finance Department and are based on a straight-line projection of the first three months of the year. This has also been reconciled to commitment information obtained from SWIFT. Staffing and General running costs projected to be within budget. Demand from people with learning disability continues to rise faster than predicted and this will need to be considered in conjunction with the PCT as part of the Joint Strategic Needs Analysis and Joint Commissioning Strategy. Options to slow down spending or bring forward savings options from the 3 Year Efficiency Plan are being considered and will be reported to Members over the coming months.

KEVIN MILLER
DIRECTOR OF ADULT SOCIAL SERVICES

**WIRRAL COUNCIL - CHILDREN AND YOUNG PEOPLE'S DEPARTMENT
FINANCIAL MONITORING REPORT 2007/08
POSITION AS AT 31 JULY 2007**

SAVINGS NON-SERVICE RE-ENGINEERING

Details	£000	Comments / progress
PFI reduction in consultants and support costs	75	Budgets reduced
Instrumental Music Service and Oaklands - Increase tuition fees / reduce council subsidy	50	Charges are being reviewed
Early Years and Surestart - central support and Toy Library	105	Budgets have been adjusted
Reduce Education Welfare, Psychologists and Performance Management establishments by two posts each and reorganise	230	Savings implemented
Transport – remove subsidy on F Bus and transfer costs of Solar School transport	116	Report to Cabinet
Youth Offending Service	70	Costs transferred
Children's grant	40	Budgets reduced
Independent emergency beds	100	Budgets reduced
Children's homes repairs and maintenance	50	Budgets reduced
LEA initiatives (used to fund policy option)	30	Budgets reduced
Car allowances	74	Budgets reduced

SAVINGS SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Reduce Advisory Teacher budget	50	This is a traded service with schools, match funding has been reduced.
Grant funding – Children's Grant.	500	Additional Children's Grant and ex-funding for Nurture Groups will be used for other existing CYP activities
Early Years and Surestart	200	Opportunities to transfer eligible costs into grant funding will be identified.
Procurement savings	155	There has been no significant progress in this area, although the recent severe restrictions on spend should produce short-term savings
Other savings still to be identified	481	
Target for the year	1,398	

POLICY OPTIONS

Details	£000	Comments / progress
LEA Initiatives	30	Partnership with Liverpool Philharmonic
Children's homes and foster care	10	To personalise rooms and recognise achievements

CABINET DECISIONS

Date	Details	£
10.7.2007	Increase in Fostering Fees	
10.7.2007	School F Bus transport tenders and charges	25,000

7.6.2007	School Meals service – meal price increase	
26.7.2007	Early Retirement Costs	82,200
26.7.2007	SEN Transport Tenders	135,000 cr

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
LA and Independent Children's homes, Foster Care Budgets and lodging allowances	800	The budgets are based on achieving reductions in the number of LAC. These are volatile areas and indications are that additional costs are being incurred.
Service Re-engineering	700	Savings have still to be identified. In addition there are shortfalls in Vacancy Control and additional pension costs.
Special Education Needs Budget	300	These Schools Block budgets are consistently under pressure
Legal Fees	100	The number of LAC referrals through the courts
Home to school Transport		SEN taxi costs will reduce in the current year. However there are pressures elsewhere in the budget eg F Bus.
School Meals Service		Meal price increase will be implemented

FORECASTED VARIATIONS

Including the shortfall in Service re-engineering the indicative departmental overspend is £1.9m. Measures have been taken to restrict expenditure to essential areas only. Progress is being monitored, although the full impact of this action will not be clear until the end of September. These controls are in addition to the programme of reductions that were already agreed and are being implemented in line with the budget plan.

HOWARD COOPER
DIRECTOR OF CHILDREN AND YOUNG PEOPLE'S SERVICES

**WIRRAL COUNCIL - CORPORATE SERVICES DEPARTMENT
FINANCIAL MONITORING REPORT 2007/08
POSITION AS AT 31 JULY 2007**

SAVINGS NON-SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Reduction in Voluntary Sector budget	60	Budget reduced in Corporate Services
Reduction in Schedule of Rates	60	Relevant budgets reduced within all departments
Closure of Tourist Information Centre	58	Tourist Information Centre closed and budget deleted
LA21 Initiative Fund	40	Budget reduced in Corporate Services
Car allowances	4	Budgets reduced in Corporate Services

SAVINGS SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Service Re-engineering Savings	244	SRE plans for 2007-08 not finalised
Procurement Savings	109	Savings yet to be identified
Target for the year	353	

POLICY OPTIONS

Details	£000	Comments / progress
Human Resources - e-recruitment	25	1 year policy option towards the costs of implementing a scheme to improve e-recruitment

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Asset Management		The disposal of land is traditionally a volatile area and remains closely monitored.
Coroners Service		Budget continues to be closely monitored having been identified as liable to overspend and efforts will be made to contain within Corporate Services overall budget.

FORECASTED VARIATIONS

There are no issues to be highlighted at this time.

J WILKIE
DEPUTY CHIEF EXECUTIVE / DIRECTOR OF CORPORATE SERVICES

**WIRRAL COUNCIL - FINANCE DEPARTMENT
FINANCIAL MONITORING REPORT 2007/08
POSITION AS AT 31 JULY 2007**

SAVINGS NON-SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Call centre developments and working practices	90	Changes implemented at start of the new financial year
Car allowances	9	Budgets reduced

SAVINGS SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Benefits and Council Tax	300	Reflect continuing improvements in service delivery, including access, and reflected in increased subsidy
IT hardware contracts	200	On target and delivered 2007/08
Integrated Tax System	100	Benefits from implementation in 2006/07
Treasury Management	73	To come from using e-technology
Procurement and Creditors	55	Agreed by Executive Board 12 April
Target for the year	728	

POLICY OPTIONS

Details	£000	Comments / progress
Pensioner discounts for over 75's	220	To date 7,000+ applied which is higher than expectations

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Housing and Council Tax Benefit	120million	Budget continues to be closely monitored being subject to a number of performance and control measures

FORECASTED VARIATIONS

There are no issues to be highlighted at this time.

**IAN COLEMAN
DIRECTOR OF FINANCE**

**WIRRAL COUNCIL - REGENERATION DEPARTMENT
FINANCIAL MONITORING REPORT 2007/08
POSITION AS AT 31 JULY 2007**

SAVINGS NON-SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Capitalise HMRI grant	135	Additional staff costs to be charged up to HMRI grant
Resolution of contractor dispute	120	(one off saving)
Deletion of vacant posts	80	Budget to be adjusted
Review contribution to Health Links	54	Implemented
Amend staff duty rotas	50	Under implementation
Extended schools provision re community services	30	Transfer Noctorum Community Centre to school. Agreed by Cabinet budget reduction yet to be implemented
Renegotiate funding of Community Support Officers	25	Implemented
Re-profile alley gate programme	25	Implemented
Car allowances	25	Budgets to be reduced

SAVINGS SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Maximisation of external grant funding	79	Designation of this sum as a recurring saving is dependent on the Comprehensive Spending Review in Autumn 2007.
Reduction in Book Fund	50	Base budget reduction
Additional Revenue	50	Income budget adjusted for Tennis Centre Gym and the Oval 5-a-side
Rate relief	40	Base budget reduction
Reduction in Sports Development	40	Deletion of Community Sports Officer Post
Staff reductions in Sports Centres	40	As agreed by Cabinet, Budgets reduced at Woodchurch and during swimming club sessions
Deletion of administrative post in Regeneration	28	Deletion of vacant post.
Housing Benefit provision	26	Implemented
Temporary Staffing Budget	20	Budget reduced
Balance	680	Service Re-Engineering savings yet to be agreed and implemented
Target for the year	1,053	

POLICY OPTIONS

Details	£000	Comments / progress
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Free swimming for younger people and pensioners	180	Budget adjusted
Youth sports night programme	50	Budget adjusted
Dog fouling enforcement	20	Budget adjusted
Smoke free campaign	180	Funded from Grant
Cultural Services development plan	100	Consultants appointed to be funded from SRE reinvestment budget
Improving security in parks and cemeteries	50	Funded from PPM budget

CABINET DECISIONS

Date	Details	£000
26 April 2007	Floral Pavilion	236

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Repairs and Maintenance	1,107	Closely monitored but many buildings in need of repair to remain open e.g. Birkenhead Central Library.
Energy costs	1,457	To be closely monitored throughout the year – energy efficiency schemes should start to have impact during the year to help minimise costs.
Cultural Service Income Levels	8,317	Will continue to be closely monitored during the year to highlight problem areas.

FORECASTED VARIATIONS

There are no issues to be highlighted at this time.

ALAN STENNARD
DIRECTOR OF REGENERATION

**WIRRAL COUNCIL - TECHNICAL SERVICES
FINANCIAL MONITORING REPORT 2007/08
POSITION AS AT 31 JULY 2007**

SAVINGS NON-SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Waste collection contract	285	
Highway Enforcement	85	
Administrative Buildings	50	
Street Lighting	10	
Energy conservation team	75	All the savings have been incorporated into the Departmental budgets, are being closely monitored and are on target to be achieved by the year end.
Energy efficiencies	69	
Streetscene phase two	50	
Integration of building and development control	50	
Architects' fees	50	
Pre planning applications	30	
Fee and charges review	20	
Car allowances	32.7	

SAVINGS SERVICE RE-ENGINEERING

Details	£000	Comments / progress
Salaries and admin costs	283	Achieved through vacancy control and a review of administration budgets
To be identified	252	Will be achieved by the year end
Target	535	

POLICY OPTIONS

Details	£000	Comments / progress
Energy efficiency – microregeneration	100	Included as part of the Property Maintenance programme

CABINET DECISIONS

Date	Details	£
None		

VOLATILE AREAS / POTENTIAL VARIATIONS

Details	£000	Comments / progress
Share of sale of recyclates	572	Discussions with the Waste Disposal Authority are ongoing

FORECASTED VARIATIONS

The parking service showed an overspend of £250,000 during 2006-2007, mainly due to income being less than anticipated. The situation is being closely monitored during 2007-2008 and any variations will be reported to Committee as soon as realistic outturn projections are available.

**DAVID GREEN
DIRECTOR OF TECHNICAL SERVICES**