

WIRRAL COUNCIL

FINANCE & BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

17 JANUARY 2008

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL MONITORING STATEMENT

1. EXECUTIVE SUMMARY

- 1.1 This report provides a summary in tabular format of the current position of the Authority revenue accounts and General Fund balances. Further details can be found in the financial monitoring summary and service re-engineering summary reports elsewhere on this agenda.

2. MONITORING STATEMENT

- 2.1 The monitoring statement is attached to this report and includes the following:
- Composition of the original 2007/08 budget by department including agreed Service Re-Engineering (SRE) savings, other savings and policy options.
 - Monitoring against the 2007/08 budget including the financial implications of any decisions by Cabinet.
 - Anticipated variance against the original budget.
 - Explanation of variances and areas identified as requiring further attention.
- 2.2 The monitoring statement is based upon the information provided within the departmental financial monitoring reports and is updated and submitted to each meeting of this Committee.

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1 The statement presents an update of the Authority revenue budget and General Fund balances as at 30 November 2007 including the following:-

Cabinet on 26 April 2007 agreed to progress the New Brighton redevelopment which had the effect of reducing income.

Cabinet on 20 June 2007 received a report on the financial year 2006/07 which highlighted an underspend of £0.9 million. This has been added to balances.

Cabinet on 4 October 2007 agreed to the release of £0.5 million of previously specified reserves, and on 14 November 2007 the sum of £1.4 million from the Insurance Fund, to general balances.

- 3.2 The effect of these actions increased the projected balances at 31 March 2008 from £4.5 million to £7 million.

3.3. In terms of departmental financial projections :-

- a. The pressures within Adult Social Services continue and the projected overspend is £3.3 million essentially on community care but also through not delivering the expected savings on the domiciliary care programme and service re-engineering.
- b. Children and Young People through containing non-essential spend and maximising grants available for the current year have been able to contain the earlier overspend projections of £1.8 million and now forecast that spend will be within the allocated budget.
- c. In Regeneration decisions on savings have still to be made which have resulted in the service re-engineering savings not being delivered. A series of one-off options are being assessed to reduce the potential overspend of £0.6 million.
- d. The sharing of recyclates income by the Waste Disposal Authority continues to be pursued. If unsuccessful this will result in an income shortfall of £0.6 million within Technical Services.
- e. Savings have been identified within the Finance Department as a result of the maximisation of Benefits Subsidy (£1 million) and the receipt of a further payment of LABGI grant for 2006/07 (£0.2 million) as well as in the area of Treasury Management where the management of capital has realised savings of £1 million and the management of cash flow linked to interest rates offered is set to realise £1.1 million for 2007/08.

3.4 As part of the Local Pay Review the Council has made equal pay settlements during the current financial year. These have to be met from revenue resources unless permission to capitalise the costs is received from the Department for Communities and Local Government (DCLG). On 28 September 2007 the DCLG advised the Council of the level that could be capitalised and this should cover the likely commitments to be incurred in 2007/08. The borrowing costs have been incorporated into the budget.

3.5 Based upon the departmental projections at the end of November there is an overspend of £1.2 million. Should this arise then the balances would reduce from £7 million to £5.8 million. The Director of Adult Social Services, following subsequent discussions with the Primary Care Trust, reported to this Committee on 11 December 2007 that he now anticipates that the departmental overspend projections could be reduced by around £1.3 million.

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

4. **EQUAL OPPORTUNITIES IMPLICATIONS**

4.1 There are none arising directly from this report.

5. HUMAN RIGHTS IMPLICATIONS

5.1 There are none arising directly from this report.

6. LOCAL AGENDA 21 IMPLICATIONS

6.1 There are none arising directly from this report.

7. 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 Departmental financial monitoring reports.

12. RECOMMENDATIONS

12.1 That the contents of the financial monitoring statement be noted.

12.2 That a further update be submitted to the next meeting of this Committee.

IAN COLEMAN
DIRECTOR OF FINANCE

WIRRAL COUNCIL
FINANCIAL MONITORING STATEMENT 2007/08
POSITION AS AT 30 NOVEMBER 2007

Department Expenditure	ORIGINAL BUDGET 2007/08				MONITORING 2007/08					COMMENTS
	Savings Non SRE	Savings SRE	Policy Options	Total Budget	Savings Non SRE	Savings SRE	Policy Options	Cabinet Decision	Projected Variances	
	£000	£000	£000	£000				£000	£000	
Adult Social Services	3,202.7	1,295.0	0	77,616.4	X £500 o/s	X £693 o/s	N/a	-	3,300	Projected overspends on Community Care (£1.4m), pay (£0.4m) and energy (£0.2m). Slippage against savings and SRE make a forecast £3.3m overspend with efforts to reduce this figure continuing.
Children & Young People	940.3	1,386.0	50.0	59,243.6	✓	X £331 o/s	✓	-	-	Whilst SRE not finalised, short in vacancy savings & pressures on looked after children by containing non-essential spend and using grants now projecting no overspend.
Corporate Services	222.5	353.0	25.0	6,131.0	✓	✓	✓	+200	-	SRE plans now finalised. Coroners identified to overspend but will contain. Cabinet agreed additions to HR Team from SRE budget.
Finance	98.8	728.0	220.0	14,388.4	✓	✓	✓	-200	-1,000	Housing Benefit actions yield savings of £1m. Cabinet decision – see Corporate Services.
Regeneration	544.2	1,053.0	580.0	32,777.9	✓	X £594 o/s	✓	+300	600	SRE progressing and unlikely to be achieved. One-off measures to reduce £0.75m projected overspend to £0.6m.
Technical Services	806.7	535.0	100.0	33,802.7	✓	✓	✓	-	600	Recycling payment from MWDA requiring resolution. Car parking and planning fees to be met from compensating savings.
Treasury Management	0	0	0	6,203.8	N/a	N/a	N/a	-	-2,100	Savings on borrowing through management of capital and increased investment income.
Merseytravel	N/a	N/a	N/a	24,242.0	N/a	N/a	N/a	-	-	Fixed amount - no change.
Local Pay Award	N/a	N/a	N/a	5,927.5	N/a	N/a	N/a	-	-	Cabinet 4 October 2007 report on Equal Pay. Capitalisation from Government should cover likely costs.
LABGI Grant	N/a	N/a	N/a	-920.0	N/a	N/a	N/a	-	-200	Additional payment received for 2007/07. Govt to announce final figure February 2008.
Contribution from Balances	N/a	N/a	N/a	-5,762.7	N/a	N/a	N/a	-300	-	See Cabinet decisions.
Budget Requirement	5,815.2	5,350.0	975.0	253,650.6						
Income										
Revenue Support Grant				19,239.0	N/a	N/a	N/a	N/a	N/a	Fixed amount – no change.
National Non Domestic Rate				114,643.0	N/a	N/a	N/a	N/a	N/a	Fixed amount – no change.
Council Tax				119,338.1	N/a	N/a	N/a	N/a	N/a	Fixed amount – no change.
Collection Fund Surplus				430.5	N/a	N/a	N/a	N/a	N/a	Fixed amount – no change.
Total Income				253,650.6						Fixed amount – no change.
Statement of Balances										
As at 1 April				10,232.7					4,495	Opening balance – forecast 1 April 2007
Contribution from Balances				-5,782.7						
Contribution from reserves				25.0					+1,900	Cabinet 4 October released reserves and on 14 November released Insurance Fund.
Additional sum from 2006/07 underspend				-					+900	Cabinet 20 June re: out-turn.
Cabinet decisions				-				-300	-300	Cabinet 26 April re: Floral Pavilion.
Issues – Projected Variances				-					-1,200	Based on the projected variations identified above.
BALANCES AT 31/03/07 & 31/03/08				4,495.4				-300	5,800	Projected balances at start / end of year.
Key = No concern for item				✓						
Key = Concern for item				x						