

WIRRAL COUNCIL

FINANCE & BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

19 MARCH 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.

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 31 January 2008 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 that was reflected in the revised balance at the start of the financial year.

Cabinet on 4 October 2007 agreed to the release of £0.5 million of previously specified reserves, on 14 November 2007 to the sum of £1.4 million from the Insurance Fund reserve and on 23 January 2008 £2.3 million from the Housing Benefit reserve / provision, to general balances.

The overall effect of these changes is to add £4.9 million to the projected balances at 31 March 2008.

3.2 In terms of departmental financial projections :-

The pressures within Adult Social Services continue and the end-of-year overspend is presently projected at around £2 million essentially on community care but also through not delivering the expected savings on both the domiciliary care programme and service re-engineering this year. This is after allowing for a one year contribution of £2.4m from Wirral PCT.

In Regeneration decisions on savings have still to be made which has 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.

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 in 2007/08 whilst an adjustment has now been made for future years.

Savings have been identified within the Finance Department as a result of work around Benefits including the maximisation of Benefits Subsidy (£1 million) and the 'windfall' of a further payment of LABGI (Local Authority Business Growth Incentive) 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 at least £1.1 million for 2007/08.

At the end of January 2008 the departmental projections showed a net underspend of £0.1 million and so are within the allocated budgets and will not materially impact upon the balances.

3.3 The Government announced in early February that it plans to review the distribution of the LABGI grant for 2007/08. The indications are that this grant will change and is unlikely to be received during the current financial year. Therefore the anticipated £0.9 million has been removed from the projections.

3.4 As part of the Local Pay Review the Council is aiming to conclude 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 preceding sections the position at the end of January 2008 projects the balances at 31 March to be £8.5 million. Cabinet on 23 January 2008 agreed to use £1.9 million of the balances to support expenditure for one year only in 2008/09.

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 have been used for this report.

12. **RECOMMENDATION**

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

IAN COLEMAN
DIRECTOR OF FINANCE

WIRRAL COUNCIL
FINANCIAL MONITORING STATEMENT 2007/08
POSITION AS AT 31 JANUARY 2008

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	-	2,000	Overspends on Community Care (now largely offset by PCT contribution), pay (£0.4m) and energy (£0.2m). With slippage against savings and SRE make a forecast £2m overspend.
Children & Young People	940.3	1,386.0	50.0	59,243.6	✓	X £331 o/s	✓	-	-	SRE, short in vacancy savings and pressures on looked after children. Containing spend and using grants now projecting no overspend.
Corporate Services	222.5	353.0	25.0	6,131.0	✓	✓	✓	+200	-	Coroners will overspend but contain this year. Cabinet agreed 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 will not be achieved. Use of one-offs reduce the projected overspend to £0.6m.
Technical Services	806.7	535.0	100.0	33,802.7	✓	✓	✓	-	600	Recycling payment from MWDA still awaiting resolution by MWDA. Car parking income 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 report on Equal Pay. The capitalisation from Government should cover likely costs at this stage.
LABGI Grant	N/a	N/a	N/a	-920.0	N/a	N/a	N/a	-	+700	Additional £0.2m received for 2006/07. Govt now announced for 2007/08 the basis is being reviewed. Not likely to be in 2007/08.
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					+4,200	Cabinet 4 October released reserves, on 14 November released Insurance Fund and on 23 January HB reserves / provisions.
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				-					-800	Based on projected variations above.
BALANCES AT 31/03/07 & 31/03/08				4,495.4				-300	8,500	Projected balances at start / end of year. Cabinet 23 January agreed £1.9m be used for bridging finance 2008/09.
Key = No concern for item				✓						
Key = Concern for item				x						