

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

19 NOVEMBER 2009

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 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 2009/10 budget by Department including agreed savings and policy options.
- Monitoring against the 2009/10 budget including the financial implications of any Cabinet decisions.
- Anticipated variances against the original budget.
- Explanation of variances and areas identified as requiring further attention.

2.2 The Statement is produced monthly and sent to all Members of Cabinet and this Committee as well as the Chairs of Scrutiny Committees. A formal report is submitted to each meeting of this Committee.

3. FINANCIAL AND STAFFING IMPLICATIONS

3.1 The Statement presents an update of the revenue budget and General Fund balances as at 30 September 2009.

3.2 At this stage of the financial year there are reports of financial pressures in:-

3.2.1 Adult Social Services - There are continuing pressures on the community care budgets and, as a result of the economic climate, there will be a shortfall in income from service users. The projected pressures of £2.6 million are being partially offset by actions to redesign services, reviews and re-ablement which are expected to reduce the projected overspend to £1.1 million. Work continues on identifying further efficiencies.

- 3.2.2 Children & Young People - There are significant pressures on the budget largely as a result of additional demands that have been placed on care services. Whilst actions have been taken to reduce costs residential care projections are for a £1.9 million overspend. Further measures, including vacancy control and the use of grants reduce the projection to £1.1 million. This is a reduction from the £2.5 million projected overspend reported to this Committee on 16 September 2009.
- 3.2.3 Regeneration - There remain several volatile budget areas with the major concern being around maintaining income levels. The recession and weather conditions can have a major impact upon the achievement of income targets and the latest forecasts are for a £300,000 shortfall. The implications of the Public Inquiry into Library provision and subsequent recommendation from Cabinet to Council will be reported to Cabinet in November.
- 3.2.4 Finance / Treasury Management - The economic position continues to affect housing benefit and treasury management activities. In terms of the former the number of applicants continues to increase and is impacting upon processing times. The agreement to additional staffing resources will mitigate this impact. For treasury the budgetary adjustments made for 2009/10 recognised this impact and with the investments made earlier the forecast is for additional income of £0.4 million.
- 3.3 The 2008/09 accounts were subject to Audit and received an unqualified opinion as reported to Audit & Risk Management Committee on 23 September 2009. There were no changes affecting the final outturn that was reported to Cabinet on 25 June 2009 which showed an overall overspend, and consequent reduction in balance, of £0.2 million after allowing for a transfer of £2.1m from the Insurance Fund.
- 3.4 Cabinet on 23 July 2009 considered a report on the Street Lighting energy contract and agreed to return to balances the sum of £0.2 million, being the policy option no longer required.
- 3.5 The recommendation from Cabinet on 1 October 2009, as confirmed by Council on 12 October 2009, means that budgetary changes are needed to reflect the decision to cease the proposed creation of, and investment into, Neighbourhood Centres, the impact of which will be reported to Cabinet in November.

- 3.6 As at 30 September the decisions taken by Cabinet and the overspends in Adult Social Services, Children and Young People and Regeneration, if realised, would reduce the balance at 31 March 2010 by £2.1 million (from £6 million down to £3.9 million) and the Directors are looking at actions to address the projected overspends.

Details	£million	£million
Projected General Fund balance at 31 March 2010 when setting the budget for 2009/10		6.0
Cabinet decisions		
25 June - Financial out-turn for 2008/09 showed an overspending and reduction in balance		-0.2
23 July - Energy contract renewal enabled the release of the agreed policy option to general balance		+0.2
Projected variances / potential overspends		
Overspend		
Adult Social Services	+1.1	
Children & Young People	+1.1	
Regeneration	+0.3	
Underspend		
Finance	-0.4	-2.1
General Fund balance at 31 March 2010 based upon the latest projections		3.9

- 3.7 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

- 7.1 There are none arising directly from this report.

8. PLANNING IMPLICATIONS

- 8.1 There are none arising directly from this report.

9. LOCAL MEMBER SUPPORT IMPLICATIONS

9.1 There are no particular implications for any Members or wards arising out of this report.

10. BACKGROUND PAPERS

10.1 None were used in the preparation of this report.

11. RECOMMENDATION

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

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/284/09

Department	ORIGINAL BUDGET			MONITORING				COMMENTS	
	Saving Target	Policy Option	Agreed Budget	Saving Target	Policy Option	Variations			Forecast
	£000	£000	£000			Agreed	Projected		£000
Adult Social Services	3,777	-	86,098	✓	-	-	+1,100	87,198	Community care and income targets from non-residential / residential care charges give pressures of £2.6m. Savings on target. Actions in place to reduce forecast overspend to £1.1m with work continuing to identify further efficiencies.
Children & Young People (including Schools)	1,380	970	77,914	✓	✓	-	+1,100	79,014	Residential childcare costs projecting overspend of £1.9m due to increased placements and remains the key concern. Others (transport and staffing) partially offset by grants. Review of spending reduced the £3m projection at 31 August.
Corporate Services	-	310	5,649	-	✓	-	-	5,649	No issues identified.
Finance / Treasury Mgt	2,950	360	28,834	✓	✓	-	-400	28,434	Treasury Management activities affected by financial markets but investment income is projecting a surplus this year.
Law, HR and Asset Mgt	212	-	2,479	✓	-	-	-	2,479	Issues over capacity given Local Pay Review, Strategic Asset Review and support for Care Services - posts being filled.
Regeneration	3,464	50	46,512	X	✓	-	+300	46,812	Reduced income from sports centres and cemeteries result in projected pressures of £300k. Note: Impact of 1 October Cabinet decision on libraries will be reported in November.
Technical Services	966	180	41,921	✓	✓	-180	-	41,741	The variation is the street lighting energy contract for which the policy option is not now needed. Income being monitored closely with car parking income unlikely to reach the target.
Merseytravel	-	-	26,305	N/a	N/a	-	-	26,305	Fixed amount - no change.
Local Pay Review	-	-	1,177	N/a	N/a	-	-	1,177	
Contribution from Balances	-	-	(3,193)	N/a	N/a	-	-	(3,193)	For SAR and Children's care services.
LABGI / LAA grants	-	-	(1,600)			-	-	(1,600)	LABGI grant confirmed. No changes approved by Cabinet.
Budget Requirement	12,749	1,870	312,096			-180	+2,100	314,106	
Income									
Revenue Support Grant	-	-	28,643	N/a	N/a	N/a	N/a	28,643	Fixed amount - no change
Area Based Grant	-	-	31,038	N/a	N/a	N/a	N/a	31,038	Government to confirm final allocations
National Non Domestic Rate	-	-	124,094	N/a	N/a	N/a	N/a	124,094	Fixed amount - no change
Council Tax	-	-	129,008	N/a	N/a	N/a	N/a	129,008	Fixed amount - no change
Collection Fund Deficit	-	-	(687)	N/a	N/a	N/a	N/a	(687)	Fixed amount - no change
Total Income			312,096					312,096	Fixed amount - no change
Statement of Balances									
As at 1 April	-	-	8,507	-	-			6,001	Opening balance – forecast for 1 April 2010.
Contributions from Balances	-	-	(3,193)	-	-			-	No changes approved by Cabinet.
Contributions from Reserves	-	-	687	-	-			-	No changes approved by Cabinet.
Contributions to Reserves	-	-	-	-	-	+180		180	23 July - Street lighting Policy Option not required.
Cabinet decisions	-	-	-	-	-			-200	25 June - 2008/09 Accounts showed net £0.2 fall in balance.
Variations – Agreed Cabinet	-	-	-	-	-				No changes approved by Cabinet.
Variations – Projected	-	-	-	-	-			-2,100	Based on the departmental projections – not approved.
BALANCES			6,001			+180	-2,100	3,881	Projected balance at start / end of year
Key = No concern for item ✓ (Green) Key = Some concern for item * (Amber) Key = Concern for item X (Red)									