

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

8 JULY 2010

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 2010/11 budget by Department including agreed savings and policy options.
- Monitoring against the 2010/11 budget including the financial implications of any changes agreed through Cabinet decisions.
- Anticipated variances, changes not agreed by Cabinet, against the original budget.
- Comments providing an explanation of variances and areas identified as requiring further attention.

2.2 The Statement is produced monthly and sent to all Councillors. A formal report is submitted to each meeting of this Committee.

3. LATEST FINANCIAL POSITION

3.1 The Statement presents an update of the revenue budget and General Fund balances as at 31 May 2010.

3.2 At this stage of the financial year only Children & Young People are projecting an overspend whilst the potentially volatile areas within departments are:-

3.2.1 Adult Social Services - There are continuing pressures on the community care budgets due to increasing demand; partly due to the economic climate, the income targets from residential / non-residential care charges remain challenging; and projected transport costs exceed the budget available. Whilst these have been identified at around £3 million it is not yet being identified as an overspend as the Director continues to look at ways to keep within the budget allocated.

- 3.2.2 Children & Young People - Significant pressures remain largely as a result of additional demands that have been placed on care services, primarily residential care placements and foster care costs. At this stage the Director has identified a potential overspend of £1.7 million and is looking at actions in respect of grant based activities and measures to control spending in order to enable spend to remain within the budget allocated.
- 3.2.3 Regeneration - Interim measures have been put in place for the management of the Cultural Services, Housing and Regeneration and Regulation functions but there has not been a Cabinet decision on the permanent re-allocation of the Departmental budget. For the present it will continue to be reported as previously and there remain several volatile budget areas with the major concern around maintaining income levels.
- 3.2.4 Technical Services - As with other areas the income budgets are the main areas subject to change whilst the winter maintenance budget has overspent in recent years.
- 3.2.5 Finance / Treasury Management - The economic position continues to affect housing benefit and treasury management activities with the former being the largest individual Council budget. Performance is closely monitored.
- 3.3 Decisions taken by Cabinet which have an impact upon the financial position:-
- 3.3.1 Cabinet on 18 March 2010 agreed to fund the inflationary increase in the National Minimum Fostering Allowances of £90,000 in 2010/11 from balances.
- 3.4 Whilst this update is at 31 May 2010 there are two key reports being considered by Cabinet on 24 June 2010 that will affect the financial projections for 2010/11:-
- 3.4.1 The 2009/10 Accounts are presently being completed. The final out-turn for the year will be reported to Cabinet on 24 June 2010 and the Statement of Accounts 2009/10 will be presented to Audit & Risk Management Committee on 30 June 2010.
- 3.4.2 Cabinet on 24 June 2010 also considered the implications for the Council of the Government announcement on 10 June 2010 on the 'Reductions in Grants to Local Government' which reduces the funding for local authorities in 2010/11.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 As at 31 May 2010 the decision taken by Cabinet and the overspend in Children & Young People if realised, would reduce the balance at 31 March 2011 by £1.8 million (from £6.5 million down to £4.7 million). The Director continues to look at actions to address the projected overspend.

Details	£million	£million
Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11		6.5
Cabinet decisions		
18 March – Foster care allowances	-0.1	-0.1
Projected variances / potential overspends		
Overspend Children & Young People	+1.7	-1.7
General Fund balance at 31 March 2011 based upon the projections at 31 May 2010		4.7

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

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1 There are none arising directly from this report.

6. HUMAN RIGHTS IMPLICATIONS

6.1 There are none arising directly from this report.

7. LOCAL AGENDA 21 IMPLICATIONS

7.1 There are none arising directly from this report.

8. 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 None were used in the preparation of this report.

12. RECOMMENDATION

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

IAN COLEMAN
DIRECTOR OF FINANCE

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Changes Not agreed	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	3,600	2,967	85,897	-	-	85,897	A	Pressures remain within community care due to increasing demand, achieving income and transport costs.
Children & Young People	100	280	78,406	+90	+1,700	80,196	A	Residential care (£0.8m) and foster care (£0.6m) costs remain the main areas projected to exceed the allocated budget.
Corporate Services	345	-	6,008	-	-	6,008	G	No issues identified.
Finance	505	1,410	26,096	-	-	26,096	G	Housing Benefit largest budget and demand continues to increase. Treasury management activities affected by financial markets.
Law, HR and Asset Mgt	66	-	8,384	-	-	8,384	G	No issues identified.
Regeneration	4,166	-	60,837	-	-	60,837	G	Income targets remain most significant challenge. Major options are year 1 (of 4) for digital infrastructure and for home insulation.
Technical Services	1,033	640	43,504	-	-	43,504	G	Income, particularly car parking, closely monitored.
Merseytravel	-	-	27,344	-	-	27,344	G	Fixed amount - no change.
Local Pay Review	-	-	1,130	-	-	1,130	G	Available to meet implementation of the Review.
Contribution from Balances	-	-	(4,223)	-	-	(4,223)	G	Before changes agreed by Cabinet.
LABGI / LAA grants	-	-	(1,600)	-	-	(1,600)	G	LABGI / LAA grants to be confirmed by Government.
Budget Requirement	9,815	5,297	331,783	+90	+1,700	333,573		
Income								
Revenue Support Grant	-	-	20,016	-	-	20,016	G	Fixed amount - no change
Area Based Grant	-	-	42,725	-	-	42,725	G	Government to confirm final allocations including Care at Home.
National Non Domestic Rate	-	-	137,844	-	-	137,844	G	Fixed amount - no change
Council Tax	-	-	131,198	-	-	131,198	G	Fixed amount - no change
Total Income			331,783	-	-	331,783		
Statement of Balances								
As at 1 April	-	-	10,723	-	-	10,723		Opening balance – forecast for 1 April 2011 is £6.5 million.
Contributions from Balances	-	-	(4,223)	-	-	(4,223)		Before changes agreed by Cabinet.
Contributions to Reserves	-	-	-	-	-	-		No changes approved by Cabinet.
Changes – Agreed Cabinet	-	-	-	+90	-	-90		Fostering +£90k (18 Mar).
Changes – Not Agreed	-	-	-	-	-1,700	-1,700		Based on the departmental projections – not approved.
BALANCES			6,500	-	-1,700	4,710		Projected balance at start / end of year