

## **WIRRAL COUNCIL**

### **FINANCE & BEST VALUE OVERVIEW & SCRUTINY COMMITTEE**

**22 SEPTEMBER 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 2008/09 budget by department including agreed savings and policy options. At the request of the Committee on 4 June 2008 details of the agreed savings and efficiencies are included as an Appendix.
- Monitoring against the 2008/09 budget including the financial implications of any Cabinet decisions.
- 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 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 July 2008.

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

Adult Social Services continue to project a £3.6 million overspend. The Director reported to Cabinet on 4 September 2008 on actions to address the pressures which are mainly around Community Care increasing demand and the inflation rises requested by providers.

Children & Young People are projecting a £3 million overspend essentially because of the implementation of prior year targets plus issues in respect of employee savings targets and care costs for children through increasing demands. The Director is looking at actions to contain spend including maximising the use of grants.

Treasury Management activities continue to be affected by the volatility of the financial market. Close monitoring has resulted in increasing investment income and a reduced need for temporary borrowing. The projections are for a £0.9 million underspend.

A report on energy related costs was presented to Cabinet on 9 July 2008. Budget variations of £0.9 million were approved for 2008/09 in respect of Children & Young People and Technical Services and there are energy related contracts due for renewal in the coming months which could further impact upon the balance by up to £2.6 million.

- 3.3 Following the completion of the 2007/08 accounts the outturn was reported to Cabinet on 26 June 2008 and the Statement of Accounts to Audit & Risk Management Committee on 30 June 2008. The year showed a net underspend and an increase in the balance at 31 March 2008 of £2.5 million.
- 3.4 The Insurance Fund Annual Report was presented to Cabinet on 9 July 2008. The outcome of the annual actuarial assessment identified continuing improvements in claims handling and repudiation rates which enabled £3 million to be returned to General Fund balances from the Insurance Fund in 2008/09.
- 3.5 The Government has issued a Determination on the distribution of the Local Authority Business Growth Incentive (LABGI) grant for 2007/08. The Wirral allocation of £1.3 million was reported to Cabinet on 23 July 2008 and added to the balances.
- 3.6 Based upon the preceding sections the projected balance at 31 March 2009 has increased from £5 million to £11.8 million. Cabinet has agreed to budgetary increases of £0.9 million for energy and fuel whilst recognising that the pressures could total £3.5 million this year. The impact of the energy pressures, if realised, and the variations, if not contained, would see the balances reduce to £2.6 million.
- 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**

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 Financial and Performance Monitoring Report - September 2008.

12. **RECOMMENDATION**

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

IAN COLEMAN  
DIRECTOR OF FINANCE

**WIRRAL COUNCIL**  
**FINANCIAL MONITORING STATEMENT 2008/09**  
**POSITION AS AT 31 JULY 2008**

Department	ORIGINAL BUDGET 2008/09			MONITORING 2008/09				COMMENTS
	Savings Target	Policy Options	Agreed Budget	Savings Target	Policy Options	Cabinet Decision	Projected Variances	
Expenditure	£000	£000	£000			£000	£000	
Adult Social Services	4,494	20	86,656	X	✓	-	+3,600	Work needed on day care and procurement savings. Pressures remain on care services through underlying over commitment. Projecting a £3.6m overspend - reporting to Cabinet on actions.
Children & Young People	3,981	20	70,560	X	✓	+120	+3,000	Evaluating actions to address potential £3m overspend. Mainly due to delivery of prior year savings (£0.5m), staffing (£1.1m), child care (£0.6m) and SEN costs (£0.7m). Cabinet decision regarding fuel costs.
Corporate Services	538	441	5,915	✓	✓	+148	-	Cabinet decision is transfer from Treasury Management.
Finance	1,696	40	21,048	✓	✓	-	-	Housing Benefit is the largest and most volatile area.
Regeneration	821	225	41,229	✓	✓	-	-	Procurement savings to be identified whilst pressure areas are energy costs and income targets.
Technical Services	1,237	145	35,609	✓	✓	+780	-	Will report to Cabinet on budget changes to address pressure areas. Land charges income and procurement savings are being reviewed. Cabinet decision on energy costs for street lighting.
Treasury Management	0	200	11,755	N/a	✓	-148	-900	The financial market remains volatile. Closer management of cash flow generating more investment income and lesser temporary borrowing.
Merseytravel	-	-	25,311	N/a	N/a	-	-	Fixed amount – no change.
Local Pay Review	-	-	4,546	N/a	N/a	-	-	Cabinet received a report 22 May with payments planned July/August.
Bridging Finance from Balances	-	-	(1,900)	N/a	N/a	-	-	Asset savings and Adults income from fees 2009/10.
Contribution from Balances	-	-	(2,202)	N/a	N/a	-900	-	See Cabinet decisions regarding fuel and energy costs.
<b>Budget Requirement</b>	<b>12,767</b>	<b>1,091</b>	<b>298,527</b>				<b>+5,700</b>	
<b>Income</b>								
Revenue Support Grant	-	-	18,016	N/a	N/a	N/a	N/a	Fixed amount – no change
Area Based Grant	-	-	28,390	N/a	N/a	N/a	N/a	Government still to confirm final allocations
National Non Domestic Rate	-	-	129,413	N/a	N/a	N/a	N/a	Fixed amount – no change
Council Tax	-	-	123,217	N/a	N/a	N/a	N/a	Fixed amount – no change
Collection Fund Deficit	-	-	(509)	N/a	N/a	N/a	N/a	Fixed amount – no change
<b>Total Income</b>			<b>298,527</b>					<b>Fixed amount – no change</b>
<b>Statement of Balance</b>								
As at 1 April	-	-	8,593	-	-	-	5,000	Opening balance – forecast 1 April 2009
Contributions from Balances	-	-	(4,102)	-	-	-	-	
Contributions from Reserves	-	-	509	-	-	-	+3,000	Release of Insurance Fund Cabinet 9 July
Cabinet decisions	-	-	-	-	-	-	+3,800	Completion of 2007/08 accounts £2.5m (26 June) and LABGI grant £1.3m (23 July).
Cabinet decisions	-	-	-	-	-	-	-900	Fuel/energy (23 July) - potential £3.5m costs of which £0.9m allocated)
Issues – Projected Variances	-	-	-	-	-	-	-8,300	Based upon present overspend projections for Adults and Children and potential energy costs for which further reports are to go to Cabinet.
<b>BALANCES AT 31/03/08 &amp; 31/03/09</b>			<b>5,000</b>				<b>2,600</b>	<b>Projected balance at start / end of year</b>
Key = No concern for item			✓					
Key = Concern for item			X					

**SAVINGS AND EFFICIENCIES 2008/09** £

**Adult Social Services**

Re-organisation of Fieldwork Teams	250,000
Continuing E Monitoring & Care Procurement Assessment	100,000
Choice through Individualised Care & Direct payments	200,000
Ensure funding is correctly allocated between PCT and ADSS	200,000
Reduction in management and support costs	425,000
Reduce posts in HR and Staff Development	250,000
Reduce admin posts in SWIFT team	150,000
Care services procurement – joint working with PCT	100,000
Use of Supported Living as opposed to Residential Care	250,000
Increase in non residential care charges	1,324,000
Review of day services	700,000
Procurement	545,000
	<b>4,494,000</b>

**Children and Young People**

Reduce sickness levels and the use of agency staff	100,000
Cost effective facilities management	25,000
Reduce out of borough placements	650,000
Closure of Poolwood children's homes	500,000
Reviews in social care	
- Re-organisation of Family Support Team	173,000
- Re-organisation of Youth Offending Services	70,000
- Review of Operational Support	190,000
Reviews in participation and inclusion	
- Review of contracts support	19,100
- Review support for Quality and Review function	84,300
- Restructure CAHMS	36,900
- Reconfigure Behavioural Review programme	200,000
- Independent Residential Care and joint funded placements	205,000
- Review play services commissioning	37,000
- Review Social Welfare	86,000
Planning and resources – rationalise procedures and support	421,000
Learning and achievement	
- Increase school targeting of Curriculum Challenge & Support	224,000
- Restructure Music Service and increase charges	127,000
- PDC and Standards Fund - reduce admin support	100,000
Restructure and consolidate Early Years and Sure Start	150,000
Procurement	583,000
	<b>3,981,300</b>

**Corporate Services**

Skills specific training	25,000
Integrated payroll operation	50,000
Supplies	100,000
Reduce Strategic Development staffing	75,000
Restructure corporate policy	60,000

Transformational Change restructuring	30,000
Review legal and democratic services	40,000
Review central services	50,000
Restructure tourism and marketing	60,000
Procurement	48,000
	<b>538,000</b>
<b>Finance</b>	
Staffing review following creation of Corporate ICT unit	100,000
Housing/CT Benefit Subsidy	600,000
Integrated IT system – staffing	260,000
Integrated IT system - IT contract	120,000
Removal of cash collection at OSS	30,000
Reduce call centre staffing	80,000
Systems support - new technology savings	200,000
Procurement	306,000
	<b>1,696,000</b>
<b>Regeneration</b>	
Better use of IT	28,700
Change in CCTV control room operating hours	51,000
Community Support Officers	105,000
Alleygating support reduced to residual maintenance	65,700
Review finance and monitoring function	27,500
Re-organisation of Supported Housing	14,300
Housing finance from grants to loans - staff re-assignment	85,700
Procurement	443,000
	<b>820,900</b>
<b>Technical Services</b>	
Review corporate health and safety functions	30,000
Review of Traffic Management Function	35,000
Increased income from energy conservation	5,000
Merge Building and Development Control admin	50,000
Reduce staffing costs associated with highway maintenance	75,000
Waste, cleansing and recycling contract management and admin	45,000
Review of income levels from external services	55,000
Review waste contract budgets to align with current spend	141,600
Extend existing Streetscene/grass cutting contract	30,000
Review school crossing patrol service	32,400
Increase car parking charges by 10%	100,000
Reduce development control to match falling demand	50,000
Instigate CRM project	50,000
Review admin/back office function in light of improved ICT	30,000
Highways Maintenance	283,000
Procurement	225,000
	<b>1,237,000</b>
<b>Insurance Fund</b>	<b>666,000</b>
<b>TOTAL SAVINGS / EFFICIENCIES 2008/09</b>	<b>13,433,200</b>