

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

18 NOVEMBER 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 position of the revenue accounts and General Fund balances as at 30 September 2010.

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 30 September 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 (particularly learning disabilities), income targets and transport. These have been assessed at around £6.1 million. The Director is reviewing options before declaring a potential overspend as he looks at ways to keep within the budget allocated.

3.2.2 Children & Young People - There are significant pressures upon care services which form the major part of the projected overspend that is partially offset by vacancy control savings. The net forecast is a £1 million projected overspend (down from the £1.8 million reported as at 31 July 2010). Again the Director is looking at actions to remain within the budget allocated.

- 3.2.3 Finance - Housing benefit and treasury management activities remain the key areas. The management of cash-flow has resulted in the Council benefitting from the available interest rates and is expected to achieve a surplus of £0.5 million.
- 3.2.4 Regeneration - retained as the former department until the re-allocation of the budget is agreed by Cabinet, is heavily reliant upon meeting income targets which continue to prove challenging.
- 3.2.5 Technical Services - over £1 million of pressures arising from potential shortfalls in planning and development and car parking income as well as meeting the inflationary increase in the streetscene contract.
- 3.3 Decisions taken by Cabinet which have an impact upon the financial position:-
- 3.3.1 Cabinet on 18 March 2010 allocated £90,000 to meet the inflationary increase in the costs of fostering.
- 3.3.2 Cabinet on 24 June 2010 agreed a report of the financial out-turn for 2009/10 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balance at 31 March 2010 of £3 million the position benefitting from the release of £2.5 million from the Insurance Fund.
- 3.3.3 The same meeting also considered a report on the reduction in grants to local government 2010/11. Cabinet requested a further report to the 22 July 2010 meeting on the Area Based Grant reduction of £3.9 million. The expected £1.4 million of Local Authority Business Growth Incentive and £0.2 million of Local Area Agreement will not now be received and this loss of 'one-off' funding is being met from balances.
- 3.3.4 Cabinet on 22 July 2010 agreed to a number of reductions in departmental budgets to offset the loss of the £3.9 million of Area Based Grant in 2010/11.
- 3.3.5 Cabinet on 2 September 2010 agreed a report on the Insurance Fund Actuarial Review which included the release of £3.4 million from the Insurance Fund to general fund balances.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 As at 30 September 2010 the decisions taken by Cabinet and the overspend in Children & Young People if realised, would result in a balance at 31 March 2011 of £10.7 million. This is more favourable than the £6.5 million that was the projected balance when setting the 2010/11 budget. In terms of the pressures being faced all Directors continues to look at actions to address any potential overspends within their departmental budgets.

Details	£million	£million
Projected General Fund balance at 31 March 2011 when setting the budget for 2010/11		6.5
Cabinet decisions		
18 Mar - Foster care costs increased for inflation		-0.1
24 June - Financial out-turn 2009/10 showed an underspending and increase in balance		+3.0
24 June - Reduction in grants to local authorities 2010/11. Area Based Grant of £3.9 million and 'One-off' LABGI/LAA grants of £1.6m		-5.5
22 July - Reduction in grants to local authorities 2010/11. Area Based Grant reduction to departments		+3.9
2 Sep - Actuarial Review released Insurance Fund resources to balance		+3.4
Projected variances / potential overspends		
Overspend		
Children & Young People	+1.0	
Underspend		
Finance	-0.5	-0.5
General Fund balance at 31 March 2011 based upon the latest projections		10.7

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

FNCE/217/10

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	-50	Pressures of £6.1m	85,847	A	Pressures of £6.1 million within community care due to increasing demand especially learning disabilities, achieving income targets and transport. Change agreed is contribution to reduction in ABG.
Children & Young People	100	280	78,406	-1,461	+1,000	77,945	A	Residential care (+£1.3m), foster care (+£0.7m) increases partially offset by vacancy control (-£1m). Change agreed is contribution to the reduction in ABG.
Corporate Services	345	-	6,008	-200	-	5,808	G	No issues .Change agreed is contribution to reduction in ABG.
Finance	505	1,410	26,096	-	-500	25,596	G	Housing Benefit largest budget and demand continues to increase. Treasury Management income is exceeding budget.
Law, HR and Asset Mgt	66	-	8,384	-2	-	8,382	G	No issues. Change agreed is contribution to reduction in ABG.
Regeneration	4,166	-	60,837	-2,058	-	58,779	G	Functions of the department have been re-allocated with budget changes to Cabinet in November. Income targets remain biggest challenge. Change agreed is contribution to reduction in ABG .
Technical Services	1,033	640	43,504	-66	-	43,438	G	Income, particularly car parking, closely monitored. Pressures also include meeting the Streetscene contract inflation (£0.250m). Change agreed is contribution to reduction in ABG.
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	-	0	R	Govt announced in June that grants not now being allocated.
Budget Requirement	9,815	5,297	331,783	-2,237	+500	330,046		
Income								
Revenue Support Grant	-	-	20,016	-	-	20,016	G	Fixed amount - no change
Area Based Grant	-	-	42,725	-3,927	-	38,798	A	Govt announced reduced allocation. NB: Care at Home to be deleted.
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	-3,927	-	327,856		
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.
Cabinet decisions	-	-	-	-1,600	-	-1,600		Reduction in grants -£1.6m (24 Jun) LABGI/LAA loss being met from balances.
Changes – Agreed Cabinet	-	-	-	+6,310	-	+6,310		Fostering +£90k (18 Mar), 2009/10 Accounts +£3m (24 Jun), + £3.4m Insurance Fund (2 Sept)
Changes – Not Agreed	-	-	-	-	-500	-500		Based on the departmental projections (excluding Adult Social Services). These have not been approved by Cabinet.
BALANCES			6,500	+4,710	-500	10,710		Projected balance at start / end of year