

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

15 SEPTEMBER 2011

<b>SUBJECT</b>	<b>FINANCIAL MONITORING STATEMENT</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION</b>	<b>NO</b>

#### **1.0 EXECUTIVE SUMMARY**

1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 31 July 2011.

#### **2.0 RECOMMENDATION**

2.1 That the contents of the Financial Monitoring Statement be noted.

#### **3.0 REASON FOR RECOMMENDATION**

3.1 The Statement is sent out after the end of each month to all Members of the Council. At each meeting of this Committee a formal report is produced to accompany the latest available Statement.

#### **4.0 BACKGROUND AND KEY ISSUES**

##### **MONITORING STATEMENT**

4.1 The Statement is attached to this report and includes the following:

- Composition of the original 2011/12 budget by Department including agreed savings and the 'one year' policy options.
- Monitoring against the 2011/12 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.

##### **IMPACT OF CABINET DECISIONS HAVING BUDGETARY IMPLICATIONS**

4.2 The changes agreed by Cabinet affecting the 2011/12 financial position are:-

- On 17 March 2011 it was agreed to retain Fernleigh for the 2011/12 financial year at a cost of £0.5 million.
- On 23 June 2011 additional funding of £0.3 million was allocated for the Integrated Transport Unit.

- On 21 July 2011 £0.2 million was provided to support the Schools Budget in respect of School pay. The same meeting was also advised of the £3.5 million of re-provision that was included for Adult Social Services included in the Budget Projections report.

Overall these decisions have reduced the balances by £4.5 million.

- 4.3 On 23 June 2011 Cabinet agreed the Financial Out-turn report for the 2010/11 financial year. In summary this showed a net increase in the balance at 31 March 2011 of £1 million. This included the accounting requirement to fund the cost of the Early Voluntary Retirement / Voluntary Severance Scheme leavers in 2010/11 and so the £4.4 million included for this purpose in the Budget 2011/12 was therefore available to be released to balances.

### **LATEST DEPARTMENTAL PROJECTIONS**

- 4.4 The Statement presents an update of the revenue budget and General Fund balances as at 31 July 2011. At this stage of the financial year departments are reporting pressures and the potentially volatile areas within departments are:-

#### **4.4.1 Adult Social Services**

The Interim Director is reporting that the pressures have increased to £7 million. Potential slippage in implementing 2011/12 savings accounts for £2.8 million; underlying demand for older people and people with learning disabilities accounts for £3 million and shortfall in re-provision available for Community Care Services £1.2 million. The Interim Director is looking at options to reduce any potential overspend.

#### **4.4.2 Children & Young People**

The reported pressures have reduced from £6 million at 31 May to £4.4 million. This is due to a one off contribution from balances relating to Children's Centre income. Increasing demand within Child Care amounts to £3.2 million with foster care accounting for £1.8 million of this. The Integrated Transport Unit has potentially a £1.1 million overspend through increased commitments and the non-achievement of savings. £1.2 million relates to other costs including delayed EVR savings, court fees and social care car allowances. The Interim Director is continuing to explore options to reduce any potential overspend.

#### **4.4.3 Other Departments**

In respect of the other departments the implementation of the policy options and delivery of the savings are all progressing. The achievement of income targets remains the key concern with £0.5 million of pressure highlighted by Corporate Services for building and planning control. Technical Services concerns are regarding car parking and cultural services income.

## 5.0 RELEVANT RISKS

5.1 The risks are incorporated within section 4 of this report. Any variations from the agreed budget will impact, positively or negatively, upon Council balances and so affect the financial position.

## 6.0 OTHER OPTIONS CONSIDERED

6.1 There are no options considered in this report.

## 7.0 CONSULTATION

7.1 No specific consultation has been undertaken with regard to this report.

## 8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no direct implications arising from this report.

## 9.0 RESOURCE IMPLICATIONS

9.1 As at 31 July 2011 the decisions taken by Cabinet would result in balances at 31 March 2012 of £7.8 million. This is more than the £6.9 million that was projected when setting the 2011/12 budget although two departments are reporting pressures. The Interim Directors continue to look at actions to address the pressures within their departmental budgets.

Details	£million	£million
<b>Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12</b>		6.9
<b>Cabinet decisions</b>		
17 March - Retention of Fernleigh for 2011/12	-0.5	
23 June - Integrated Transport Unit	-0.3	
21 July - Support for Schools Budget for pay	-0.2	
31 July - Re-provision within Adult Social Services	-3.5	-4.5
23 June - Outturn 2010/11 and net increase in balances	+1.0	
23 June - Out-turn 2010/11 removed need to fund Early Voluntary Retirement / Voluntary Severance costs in 2011/12	+4.4	+5.4
<b>Projected variances / potential overspends</b>		
At this stage none have been identified although pressures within Adult Social Services of £7 million and Children & Young People of £4.4 million		
<b>General Fund balance at 31 March 2012 based upon the latest projections</b>		7.8

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

## 10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 There are none arising directly from this report.

11.2 Equality Impact Assessment (EIA) is not required for this report.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are none arising directly from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising directly from this report.

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## **APPENDICES**

Financial Monitoring Statement 2011/12 - Position as at 31 July 2011.

## **REFERENCE MATERIAL / SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Departmental Budgets 2011/12	23 June 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	12 July 2011

## WIRRAL COUNCIL

## FINANCIAL MONITORING STATEMENT 2011/12

POSITION AS AT 31 JULY 2011

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	0	16,907	63,411	+3,980	Pressure of £7 million	67,391	A	Pressures increased. £2.8m is slippage in savings implementation (EVR/Market Management), £3m Community Care from increased demand for older peoples and learning disabilities services and £1.2m for Care Services following the EVR scheme. Cabinet decision to retain Fernleigh in 2011/12 and to re-provide following EVR/VS Scheme.
Children & Young People	392	7,954	74,753	+340	Pressure of £4.4 million	75,093	A	Pressures primarily children's care services through demand £3m, transport £1.1m and staffing (inc EVR / vacancy targets) £1.2m and car allowances £0.3m. Offset by one-off release of £1.2m of balances. Cabinet decision related to transport.
Corporate Services	758	3,726	25,407	-	Pressure of £0.5 million	25,407	A	The income budgets for planning / building control are the main issue with a projected shortfall of £0.5m
Finance	250	7,811	26,638	-	-	26,638	G	Housing benefit is the most significant budget and caseload continues to increase. The development of Library/One Stop Shop service bringing service delivery pressures.
Law, HR and Asset Mgt	364	2,658	16,275	-	-	16,275	G	Asset management of buildings and the savings from disposals and rationalisation continue as pressure areas.
Technical Services	1,002	2,813	59,943			59,943	A	Income targets remain the most significant challenge for car parking and cultural services activities.
Merseytravel	-	-	28,817	-	-	28,817	G	Fixed amount – no change.
Local Pay Review	-	-	956	-	-	956	G	Available to meet the implementation of the Review.
Funding of EVR/VS Scheme	-	-	5,795	(4,400)	-	1,395	A	Based on employees to leave 30 June 2011. Part funded in 2010/11
Council Tax Freeze Grant	-	-	(3,285)	-	-	(3,285)	G	Amount of grant confirmed by Government in April.
Contribution from Balances	-	-	(7,166)	80	-	(7,086)	G	Amount before any changes agreed by Cabinet.
<b>Budget Requirement</b>	<b>2,766</b>	<b>41,869</b>	<b>291,544</b>	<b>(0)</b>	<b>-</b>	<b>291,544</b>		
<b>Income</b>								
Revenue Support Grant	-	-	37,498	-	-	37,498	G	Fixed amount - no change
National Non Domestic Rate	-	-	121,312	-	-	121,312	G	Fixed amount - no change
Council Tax	-	-	131,434	-	-	131,434	G	Fixed amount - no change
Collection Fund	-	-	1,300	-	-	1,300	G	From the change in treatment of empty properties.
<b>Total Income</b>	<b>-</b>	<b>-</b>	<b>291,544</b>	<b>-</b>	<b>-</b>	<b>291,544</b>		
<b>Statement of Balances</b>								
As at 1 April	-	-	14,071	-	-	14,071		Opening balance with forecast for 31 March 2012 of £6.9 million.
Contributions from Balances	-	-	(7,166)	4,400	-	(2,766)		EVR/VS balance contribution was made in 2010/11 accounts.
2010/11 Outturn variance	-	-	-	1,000	-	1,000		2010/11 Outturn and release of reserves reported to Cabinet 23 June
Cabinet decisions	-	-	-	(4,510)	-	(4,510)		Retain Fernleigh 2011/12 £480k (17 Mar). Integrated Transport £340K (23 Jun) Transfer to schools budget £190K (21 Jul) DASS Re-provision £3.5 million (21 Jul)
Changes – Not Agreed	-	-	-	-	-	-		Based upon departmental projections and not yet agreed.
<b>BALANCES</b>	<b>-</b>	<b>-</b>	<b>6,905</b>	<b>890</b>	<b>-</b>	<b>7,795</b>		<b>Projected balance for 31 March 2012 at start / end of year</b>