

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

17 NOVEMBER 2011

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

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides a summary of the position of the revenue accounts and General Fund balances as at 30 September 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 2 June 2011 an update on Government Grants included the new Local Services Support Grant and New Homes Bonus which are both general, not specific grants. The effect was to increase balances by £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 and the £1 million for the changes by HM Treasury to national insurance contributions since April 2011 as part of the Budget Projections report.

Overall these decisions have reduced the balances by £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 30 September 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 pressures of £7.1 million. Potential slippage in implementing 2011/12 savings accounts for £3 million; underlying demand for older people and people with learning disabilities accounts for £2.9 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 of £6 million at 31 May 2011 have been reduced to £2 million. This is due to a one-off contribution from balances from a reserve relating to Children's Centre income and uncommitted resources within the Early Intervention Grant activities. Increasing demand within Child Care amounts to £2.8 million with foster care accounting for £1.6 million of this. The Integrated Transport Unit has potentially a £1.1 million overspend through increased commitments and the non-achievement of savings. £1 million relates to other costs including delayed EVR savings, court fees and social care car allowances. The Acting 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 30 September 2011 the decisions taken by Cabinet would result in balances at 31 March 2012 of £7.3 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 relevant Directors continue to look at actions to address the pressures within their departmental budgets.

Details	£million	£million
Projected General Fund balance at 31 March 2012 when setting the budget for 2011/12		6.9
Cabinet decisions		
17 March - Retention of Fernleigh for 2011/12	-0.5	
02 June - Government Grant changes	+0.5	
23 June - Integrated Transport Unit	-0.3	
21 July - Support for Schools Budget for pay	-0.2	
21 July- National Insurance increased costs	-1.0	
21 July - Re-provision within Adult Social Services	-3.5	-5.0
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 in 2011/12	+4.4	+5.4
Projected variances / potential overspends		
At this stage none identified although pressures within Adult Social Services of £7 million and Children & Young People of £4.4 million		
General Fund balance at 31 March 2012 based upon the latest projections		7.3

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 30 September 2011.

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Cabinet - Departmental Budgets 2011/12	23 June 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	12 July 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	15 September 2011
Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement	27 September 2011

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2011/12

UPDATED POSITION AS AT 30 SEPTEMBER 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	-	16,907	63,411	+3,980	Pressure of £7.1 million	67,391	A	Pressures include. £3m slippage in savings implementation (EVR & Market Management); £2.9m Community Care from rising demand for older peoples and learning disabilities services and £1.2m for Care Services following EVR scheme. Cabinet decisions to retain Fernleigh in 2011/12 and re-provide following EVR/VS Scheme.
Children & Young People	392	7,954	74,753	+540	Pressure of £2.0 million	75,293	A	Pressures reduced and primarily children's care services through demand £2.8m, transport £1.1m and staffing (inc EVR / vacancy targets) £1m .Offset by one-off release of £2.6m of balances. Cabinet decisions relate to transport and Local Services Grant.
Corporate Services	758	3,726	25,407	+610	Pressure of £0.5 million	26,017	A	The income budgets for planning / building control are the main issue with a projected shortfall of £0.5m. Cabinet decisions on Local Services Grant and New Homes Bonus Grant.
Finance	250	7,811	26,638	-	-	26,638	G	Housing benefit is most significant budget and caseload still rising.
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	+123		60,066	A	Income targets remain the most significant challenge for car parking and cultural activities. Delayed sale of museum may impact on budget. Cabinet decision is Local Services Grant.
National Insurance	-	-	-	+1,000	-	1,000	A	HM Treasury changes – to be allocated to departments.
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	G	Based on employees leaving. 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)	(370)	-	(7,536)	G	Amount before any changes agreed by Cabinet.
Budget Requirement	2,766	41,869	291,544	(1,483)	-	293,027		
Income								
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
Local Services / New Homes			-	1,483	-	1,483	G	New / increased general rather than specific grant. Cabinet 2 June allocated £933k, £550k added to balances as already in the budget.
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.
Total Income	-	-	291,544	1,483	-	293,027		
Statement of Balances								
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	-	-	-	(4,960)	-	(4,960)		Fernleigh for 2011/12 £480k (17 Mar), Local Services / New Homes -£550k (2 Jun), Transport £340K (23 Jun), Transfer to schools £190K (21 Jul). Nat Ins costs £1m and DASS Re-provision £3.5m (21 Jul)
Changes – Not Agreed	-	-	-	-	-	-		Based upon departmental projections and not yet agreed.
BALANCES	-	-	6,905	440	-	7,345		Projected balance for 31 March 2012 at start / end of year