

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

31 JANUARY 2012

| | |
|-------------------------------------|---------------------------------------|
| 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 31 December 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 distributed 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 included for Adult Social Services and the £1 million for changes by HM Treasury to national insurance contributions since April 2011 as part of the Budget Projections report.
- On 22 September 2011 Cabinet approved the use of £0.3 million from balances to fund the Independent Review
- On 13 October 2011 Cabinet approved the capitalisation of statutory redundancy payments which enabled £2.6 million to be released back to balances

Overall these decisions have reduced the balances by £2.7 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 December 2011. Chief Officers are reporting pressures and the potentially volatile areas within departments are:-

4.4.1 Adult Social Services

The Director is reporting pressures of £6.8 million. Potential slippage in implementing 2011/12 savings accounts for £3 million; underlying demand for older people and people with learning disabilities accounts for £2.6 million and a shortfall in re-provision available for Community Care Services £1.2 million. The Director is looking at options to reduce any potential overspend.

4.4.2 Children & Young People

The 2011-12 budget pressure has been reduced to £1.6 million. This is due to the use of reserves, uncommitted resources within the Early Intervention Grant activities, savings from within the Wirral Wise programme and expenditure controls. Pressures are from increasing demand within Child Care which amounts to £3.4 million with foster care accounting for £1.7 million of this. The Integrated Transport Unit has, potentially, a £1.2 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 Regeneration Housing and Planning for building and planning control. Technical Services concerns are regarding car parking and cultural services income but these will be matched by compensatory savings.

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 December 2011 the decisions taken by Cabinet would result in balances at 31 March 2012 of £9.6 million. This is more than the £6.9 million that was projected when setting the 2011/12 budget although three 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 - Fernleigh retained for 2011/12 | -0.5 | |
| 2 June - New Homes Bonus/ Local Services Grant | +0.5 | |
| 23 June - Integrated Transport Unit additional funding | -0.3 | |
| 21 July - Social Services Reprovision | -3.5 | |
| 21 July - National Insurance changes | -1.0 | |
| 21 July - Support for School Pay | -0.2 | |
| 22 September - Independent Review | -0.3 | |
| 13 October - Capitalisation of Statutory Redundancy Payments | +2.6 | -2.7 |

| Details | £million | £million |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| 23 June - Financial out-turn 2010/11 showed a net increase in the balance of £1 million after meeting a net revenue overspend of £0.3 million | +1.0 | |
| 23 June - EVR/VS scheme funded as part of 2010/11 thereby releasing the requirement to fund in 2011/12. | +4.4 | +5.4 |
| Projected variances / potential overspends | | |
| None declared although pressures identified at the end of September 2011 within: Adult Social Services £6.8 million Children and Young People £1.6 million Regeneration, Housing and Planning £0.5 million | | - |
| General Fund balance at 31 March 2012 based upon the latest projections | | 9.6 |

9.2 There are no staffing, IT or asset 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.

REPORT AUTHOR: Tom Sault
Head of Financial Services
telephone: (0151 666 3407)
email: tomsault@wirral.gov.uk

APPENDICES

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

SUBJECT HISTORY

| Council Meeting | Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Cabinet - Departmental Budgets 2011/12 Council Excellence Overview & Scrutiny Committee - Financial Monitoring Statement Reported to each meeting | 23 June 2011 |

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2011/12

POSITION AS AT 31 DECEMBER 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 | +4,280 | Pressure of £6.8 million | 67,691 | A | Pressures include. £3m slippage in savings implementation (EVR & Market Management); £2.9m Community Care from increased 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. |
| Children & Young People | 392 | 7,954 | 74,753 | +840 | Pressure of £1.6 million | 75,593 | A | Pressures reduced and primarily children's care services through demand £3.4m, 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. |
| Finance | 250 | 7,811 | 26,638 | -1,712 | - | 24,926 | G | Housing benefit is most significant budget and caseload still rising. HB and Treasury management budgets are currently subject to a review and will be reported to Cabinet in February |
| Law, HR and Asset Mgt | 364 | 2,658 | 16,275 | +415 | - | 16,690 | G | Asset management of buildings and the savings from disposals and rationalisation continue as pressure areas. |
| Regeneration, Housing & Planning | 758 | 3,726 | 25,407 | +904 | Pressure of £0.5 million | 26,311 | 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. |
| Technical Services | 1,002 | 2,813 | 59,943 | +526 | - | 60,469 | G | Income targets remain the most significant challenge for car parking and cultural activities. Delayed sale of Arts centre may impact on budget. Compensatory savings identified. |
| 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 | - | - | - | (2,660) | - | (2,660) | | 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) independent review £300K (22 Sep) Net impact of capitalisation of Statutory Redundancy -£2.6m (13 Oct), |
| BALANCES | - | - | 6,905 | 2,740 | - | 9,645 | | Projected balance for 31 March 2012 at start / end of year |