

## WIRRAL COUNCIL

### COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

26 MARCH 2012

<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 JEFF GREEN</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 29 February 2012.

#### 2.0 BACKGROUND AND KEY ISSUES

##### MONITORING STATEMENT

2.1 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.

2.2 Council agreed the 2012/13 budget and revisions to the 2011/12 budget on 1 March 2012. As the revisions are primarily internal adjustments the Statement continues to reflect the original 2011/12 budget to focus attention upon the changes impacting upon the Council.

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

2.3 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 Schools pay. The same meeting was also advised of £3.5 million of re-provision included for Adult Social Services and £1 million for changes by HM Treasury to national insurance contributions from April 2011 as part of the Budget Projections report.
- On 22 September 2011 the use of £0.3 million from balances to fund the Independent Review of Adult Social Services was agreed.
- On 13 October 2011 the capitalisation of statutory redundancy payments enabled £2.6 million to be released back to balances
- On 8 December 2011 it was agreed that the sum of £1.4 million for the pay award 2010/11 was no longer required.
- On 12 January 2012 the report on the Collection Fund 2011/12 stated that the Council would receive £1.5 million from the surplus in 2012/13 an increase on the £1.3 million included in the budget.
- On 21 February 2012 it was agreed to release £5 million of Housing Benefit, and a net £4.9 million following the Balance Sheet Management review, of reserves and provisions to balances. The Estimates 2012/13 also identified that the sum identified for increased National Insurance contributions was no longer required.

The impact of these decisions is an overall increase in balances of £8.1 million,

- 2.4 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.
- 2.5 In respect of departmental projections Cabinet on 21 February 2012 considered the 2012/13 budget which included an updated 2011/12 budget. Whilst many changes were internal adjustments Cabinet did agree to a reduction in the Efficiency Investment Budget in 2011/12 of £2 million to offset the projected overspends of £4 million. Further detail can be found in the Estimates 2012/13 report to Cabinet (also known as the 'Blue Book').

### **LATEST DEPARTMENTAL PROJECTIONS**

- 2.6 The Statement presents an update of the revenue budget and General Fund balances as at 29 February 2012. Chief Officers are reporting pressures and the potential over/underspends were identified in the Estimates 2012/13 report to Cabinet on 21 February 2012.

### 2.6.1 Adult Social Services

The Director is reporting pressures of £6 million. Potential slippage in implementing 2011/12 savings accounts for £3 million; underlying demand for older people and people with learning disabilities accounts for £2.8 million and shortfall in re-provision available for Community Care Services £1.2 million. The receipt of a £1.1 million contribution from the NHS in respect of winter demands has reduced any potential overspend.

### 2.6.2 Children & Young People

The in-year budget pressure has been reduced to £1 million. This is due to the use of one-off contributions from reserves, uncommitted resources within the Early Intervention Grant activities, savings from within the Wirral Wise programme and expenditure controls. Ongoing pressures are from increasing demand within Child Care which amounts to £3.5 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 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.

### 2.6.3 Finance

In respect of Treasury Management functions the continuing active management of the investments and borrowings and the cash flow of the Council are likely to generate £2.5 million of additional income in 2011-12 as reported to Cabinet on 21 February 2012. With the Cabinet decision to reduce the Efficiency Investment Budget by £2 million there is £4.5 million available to meet any potential overspends.

### 2.6.4 Regeneration, Housing and Planning

The achievement of income targets remains the key concern with a £0.5 million highlighted in respect of planning and building control fees although this is more than compensated for by the non-spending of the £1 million on the broadband facility in 2011/12.

2.6.5 The net effect of the departmental projections is a potential overspend of £2 million which has been reflected in the updated 2011/12 budget agreed by Cabinet on 21 February 2012.

## 3.0 RELEVANT RISKS

3.1 The risks are incorporated above. Any variations from the agreed budget will impact, positively or negatively, upon Council balances and so affect the financial position.

#### 4.0 OTHER OPTIONS CONSIDERED

4.1 There are no options considered in this report.

#### 5.0 CONSULTATION

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

#### 6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no direct implications arising from this report.

#### 7.0 RESOURCE IMPLICATIONS

7.1 As at 29 February 2012 the latest projections are for £18.4 million in balances at 31 March 2012 and this has been taken into consideration when setting the 2012/13 budget.

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 – 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	
8 December - Budget for 2010/11 pay award not required	+1.4	
12 January - Collection Fund surplus due 2012/13 not 2011/12	-1.3	
21 February - Release of reserves and provisions	+9.9	
21 February - Reduce requirement for National Insurance	+0.8	+8.1
23 June - Financial out-turn 2010/11 showed a net increase	+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
<b>Projected variances / potential overspends</b>		
As reported to Cabinet on 21 February 2012:-		-2.0
Adult Social Services	+ £6.0 million	
Children and Young People	+ £1.0 million	
Finance (including Efficiency Budget)	- £4.5 million	
Regeneration, Housing and Planning	- £0.5 million	
<b>General Fund balance at 31 March 2012 based upon the latest projections</b>		18.4

7.2 There are no staffing, IT or asset implications arising directly from this report.

## **8.0 LEGAL IMPLICATIONS**

8.1 There are none arising directly from this report.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 There are none arising directly from this report.

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

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising directly from this report.

## **12.0 RECOMMENDATION**

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

## **13.0 REASON FOR RECOMMENDATION**

13.1 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.

FNCE/75/12

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## **APPENDICES**

Financial Monitoring Statement 2011/12 - Position as at 29 February 2012.

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
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 29 FEBRUARY 2012

Department	ORIGINAL BUDGET			MONITORING			COMMENTS (INCLUDING Red/Amber/Green RATING)	
	Policy Option	Saving Target	Agreed Budget	Changes Agreed	Potential Overspend	Forecast	Rate	Comments
Expenditure	£000	£000	£000	£000	£000	£000		
Adult Social Services	-	16,907	63,411	+4,280	Potential overspend £6.0 million	73,691	R	Pressures include. £3m savings slippage; Community Care increased demand and £1.2m for Care Services. DoH £1.1 million awarded to PCT for winter pressures, assumed will offset above.
Children & Young People	392	7,954	74,753	+840	Potential overspend £1.0 million	76,593	A	Pressures reduced by ongoing expenditure control. Pressures children's care services £3.4m, transport £1.2m and staffing (EVR/vacancy targets) £1m .Part -offset by savings/ balances used.
Finance	250	7,811	26,638	-1,712	Potential underspend £4.5 million	20,426	G	Housing benefits is largest budget and forecast to be within target Treasury Management activity forecasting savings of £2.5m. Reduction in efficiency Fund by £2m agreed by Budget Cabinet.
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	Potential underspend £0.5 million	25,811	G	The income budgets for planning / building control are the main issue with a projected shortfall of £0.5m. Release of reserves will result in an in year underspend.
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.
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	(5,795)	-	-	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)	(1,275)	-	(8,441)	G	Impact of Collection Fund and overspends less NI and pay release.
<b>Budget Requirement</b>	<b>2,766</b>	<b>41,869</b>	<b>291,544</b>	<b>(1,817)</b>	<b>2,000</b>	<b>291,727</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.
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	£1.5 million to be received in April 2012 (Cabinet 12 Jan).
<b>Total Income</b>	<b>-</b>	<b>-</b>	<b>291,544</b>	<b>183</b>	<b>-</b>	<b>291,727</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. Budget Cabinet 21 Feb 2012.
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).
Budget Decisions			-	8,995	-	8,995		National Insurance £1m and EVRs £1.4m self funded Collection Fund £1.3m in 2012/13, Fund net overspending of £2m. Net £9.9m release from reserves.
<b>BALANCES</b>	<b>-</b>	<b>-</b>	<b>6,905</b>	<b>11,735</b>		<b>18,640</b>		<b>Projected balance for 31 March 2012 at start / end of year</b>