

# WIRRAL COUNCIL

## CABINET

18 OCTOBER 2012

<b>SUBJECT</b>	<b>REVENUE MONITORING 2012/13 MONTH 5 (AUGUST 2012)</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>INTERIM DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1 EXECUTIVE SUMMARY

- 1.1 This report continues the new format and sets out the revenue position for 2012/13 as at Month 5 (August 2012). It identifies the latest financial projections and prioritises the risks for ongoing management actions, to ensure the year-end position will result in spend remaining within the budget allocated.

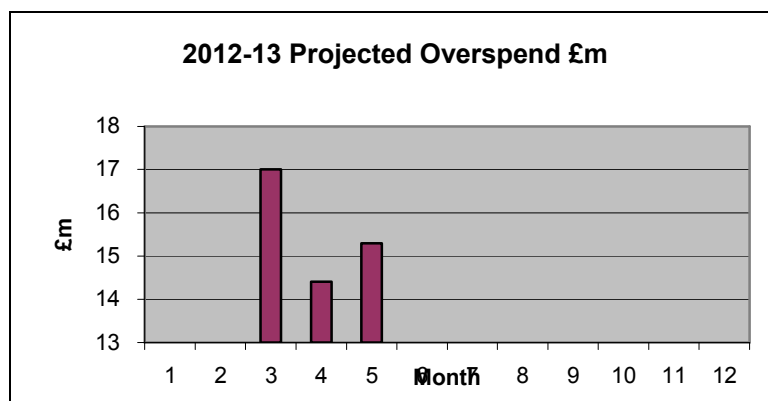
### 2 BACKGROUND

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze, in the light of a projected £17m overspend (now £15.3m). The first two weeks of the freeze are now reported, with the recommended outcomes set out at Appendix 8, and a review of the process at paras 2.18 to 2.20.
- 2.2 A monthly Capital Monitor is separately reported to Cabinet.

#### OVERALL POSITION AT MONTH 5 (AUGUST 2012)

- 2.3 The projected revenue forecast for the year, at Month 5 (to end August 2012), shows a potential General Fund **overspend of £15.3m**, up on the M4 projection of a £14.4m overspend.

**Graph 1: Wirral Council – 2012/13 General Fund Variance, by month**



## CHANGES TO THE AGREED BUDGET AND VARIATIONS

- 2.4 The Budget for 2012/13 was agreed by Council on 1 March 2012 and is detailed in Appendix 2; any increase in the Budget has to be agreed by full Council. Changes to the budget have occurred since it was set and these are summarised in the table below. They presently comprise variations approved by Cabinet / Council and will in future include approved virements relating to the use of the Efficiency Investment Fund, reserves, any budget realignments to reflect any changes to the departmental structure and responsibilities, as well as any technical adjustments. These are detailed in Appendix 3.

**Table 1: 2012/13 Original & Revised Net Budget analysed by Department**

	Original Net Budget	Approved Budget Virements Month 1-4	Approved Budget Virements Month 5	Revised Net Budget
	£000	£000	£000	£000
Adult Social Services	66,660	-	-	66,660
Children & Young People	73,665	-	-	73,665
Finance	24,610	-50	77	24,637
Law, HR & Asset Management	13,901	300	-76	14,125
Regeneration, Hsg & Planning	25,764	-	34	25,798
Technical Services	59,478	427	-35	59,870
<b>Net Cost of Services</b>	<b>264,078</b>	<b>677</b>	<b>0</b>	<b>264,755</b>

Note: the month 5 virements reflect movement of posts between departments plus financing adjustments following the transfer of a Community Asset.

- 2.5. The main report will only comment on large variations (Red and Yellow items). The 'variations' analysis distinguishes between overspends and underspends and the proposed 'risk band' classification is:

- Overspends - Red (over +£301k), Amber (+£141k to +£300k)
- Acceptable - Green (range from +£140k to -£140k)
- Underspends - Blue (-£141k to -£300k), Yellow (over -£301k)

**Table 2: RAGBY Classification of 2012/13 Departmental Projected General fund Budget variations**

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Adults	4	2		1		1
Children & YP	7	3		1	1	2
Finance	6			4		2
Law, HR & AM	7	2		4	1	
Reg, Hsg & Plan	5	1		3		1
Technical Servs	7	1	1	5		
<b>TOTAL</b>	<b>36</b>	<b>9</b>	<b>1</b>	<b>18</b>	<b>2</b>	<b>6</b>

- 2.6 The reporting process identifies over or underspends and classifies them into risk bands. The projection is for a total potential General Fund overspend of £15.3m across the six Directorates for 2012/13, as set out in the table below, which records four departments on red (up one on M4) and one on yellow.

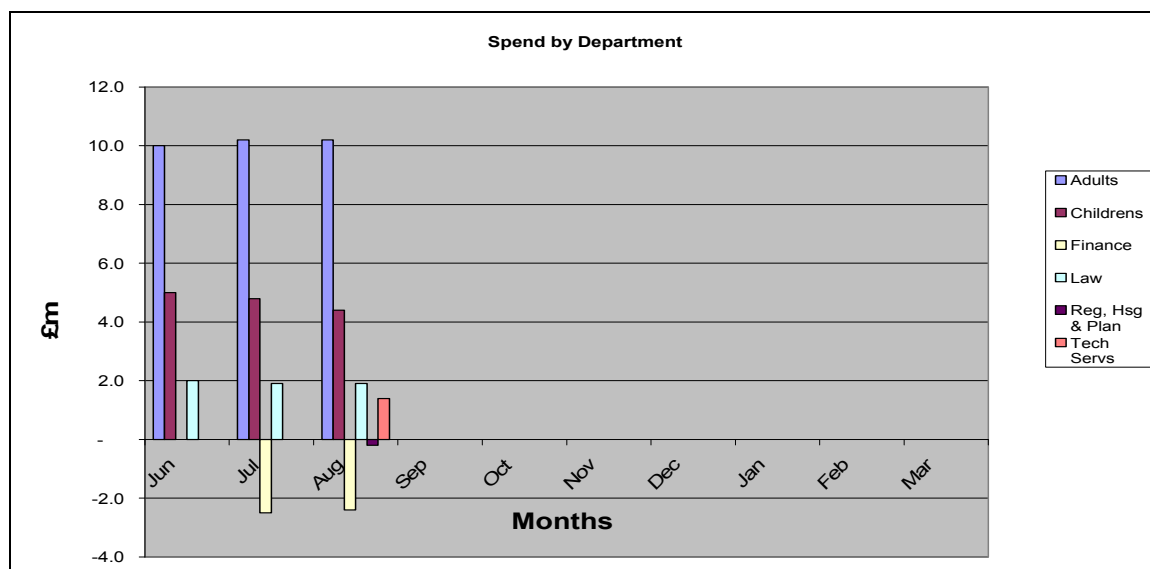
**Table 3: 2012/13 Projected General Fund Budget variations by Department**

Department	Revised Budget	Forecast Outturn	(Under) Overspend	RAGBY Classification	Month 4 (Under)/Overspend	Change
	£000	£000	£000		£000	£000
Adults	66,660	76,841	10,200	R	10,200	-
Children & YP	73,665	78,064	4,400	R	4,800	-400
Finance	24,637	22,202	-2,400	Y	-2,500	+100
Law,HR & AM	14,125	16,011	1,900	R	1,900	-
Reg, Hsg & Plan	25,798	25,586	-200	G	-	-200
Technical Servs	59,870	61,270	1,400	R	-	+1,400
<b>TOTAL</b>	<b>264,755</b>	<b>279,309</b>	<b>15,300</b>		<b>14,400</b>	<b>+900</b>

2.7 Within the various departments, there have been the following developments:

- **Adult Social Services** there is a potential overspend of £10.2m, unchanged since M4.
- **Children and Young People** there is a potential overspend of £4.4m, down £0.4m on M4.
- **Law, HR and Asset Management** there is a potential overspend of £1.9m, down £0.1m on M3.
- **Finance** is projecting a £2.4m underspend, £0.1m less than in M4.
- **Regeneration, Housing and Planning** are forecasting a £0.2m underspend (nil in M4)
- **Technical Services** are forecasting a £1.4m overspend (nil M4). This is due to projected shortfalls in car parking, cultural services (including golf, cemeteries and crematorium and theatre) and highways inspection income.

**Graph 2: Department – 2012/13 General Fund Variance, by month**



2.8 To complete the analysis, the table below sets out the position by category of spend/income. The main areas of variance are under employees and supplies & services, the latter incorporating the cost of care for adults and children.

**Table 4: Projected Departmental Variations by Spend and Income**

	Reported Budget	Virements Month 5	Revised Budget	Forecast Outturn	Variance	RAG BY	Change from Month 4
<b>Gross Expenditure</b>							
Employees	140,936	1,026	141,962	144,962	3,000	R	-
Premises	22,180	-210	21,970	23,270	1,300	R	
Transport	8,556	5	8,561	10,061	1,500	R	
Supplies and Services	113,960	-1,180	112,780	123,930	11,150	R	-350
Third Party Payments	72,438	789	73,227	73,227	-	G	-
Transfer Payments	163,072	-	163,072	163,072	-	G	-
Support Services	79,115	-137	78,978	78,978	-	G	-
Financing Costs	72,167	-206	71,961	70,961	-1,000	Y	-
Schools Expenditure	442,596	-	442,596	442,596	-	G	-
<b>Total Expenditure</b>	<b>1,115,020</b>	<b>87</b>	<b>1,115,107</b>	<b>1,131,057</b>	<b>15,950</b>		<b>-350</b>
<b>Gross Income</b>							
Schools Income	439,851	-	439,851	439,851	-		
Government Grants	205,025	-	205,025	206,175	-1,150	Y	-150
Other Grants/Reimbursements	17,810	-	17,810	18,210	-400	Y	-
Customer and Client Receipts	45,751	87	45,838	44,438	1,400	R	1,400
Other	130	-	130	130	-	G	
Interest	875	-	875	1,375	-500	G	
Recharge to Other Rev A/c	140,823	-	140,823	140,823	-	G	
<b>Total Income</b>	<b>850,265</b>	<b>87</b>	<b>850,352</b>	<b>851,002</b>	<b>-650</b>		<b>1,250</b>
<b>Net Expenditure</b>	<b>264,755</b>	<b>-</b>	<b>264,755</b>	<b>280,055</b>	<b>15,300</b>		<b>900</b>

2.9 Schools expenditure funded from the Dedicated Schools Grant. As this grant is ringfenced any over/underspend not impact on the General Fund financial position.

2.10 A number of virements have been made in the month. These reflect the allocation of departmental savings targets within the Technical Services budget and the movement of the Home Insulation budget within Regeneration, Housing and Planning between supplies and services to Third Party payments.

## **RAGBY REPORTING AND OTHER ISSUES**

2.11 The Red and Yellow RAGBY issues that are the subject of corporate focus are detailed in the following sections by Business Area (by Department identifying the service) and then by Subjective Area (by the type of spend / income). The Business Areas are defined as the high level Objective Summary as per the Council Estimates (Blue Book).

### **2.12 Business Area Reds**

**Adult Social Services:** Two of the Department's business areas are reported as red, Personnel Assessment and Planning and Personal Support. A forecast overspend of £10.2 million is forecast for the department. The issues involve

underlying pressures in Community Care, shortfall in 2011/12 reprovision and unachieved income which total £6.55 million. There is slippage across a number of savings targets including market review £1.6 million, corporate EVR/VS £1.35 million and £0.7 million relating to staff savings targets

**Children and Young People:** Three of the Department's Business Areas are flagged as red with a total £4.4 million overspend forecast for the department. The red areas are Children's Services, the Integrated Transport Unit and Capital and Support Services. Children's Services pressures relate in the main to social care costs and case numbers although the overspend within this area has reduced by £300,000 in the month as a result of reductions in agency staff costs. Transport is provided by the department on behalf of all departments and the projected overspend continues to be in the order of £1.2m reflecting both Special Education Needs and Adults transport. Capital and Support Services is overspending due to difficulties in achieving vacancy control targets which are held within this area.

**Law, HR and Asset Management:** Two areas are flagged red with a forecast overspend of £1.9m. The red areas are Asset Management and Human Resources. Both of these areas are reporting issues regarding the non-achievement of savings across a number of activities. These include business transformation and terms and conditions within Human Resources and facilities management, office rationalisation and asset disposal under Asset management.

**Regeneration, Housing and Planning:** One area is flagged as red although in overall terms the department is forecasting a £200,000 underspend. The red area is Strategic Development which is impacted by shortfalls on income within Planning and Building Control.

**Technical Services:** One Business area, Engineers is flagged a red within the department. This area includes car parking income which is well below target and whilst income relating to inspection and alteration of highways is similarly below target.

## 2.13 Business Area Yellows

**Adult Social Services:** one area Finance and Performance is flagged as yellow. Some of this budget is to be allocated across other service areas.

**Children and Young People:** Two areas are flagged as yellow LEA School Costs and Non-School Costs. LEA School Costs reflect the receipt of additional income from grants and fees in respect of Academies plus general savings within expenditure. Non school is due to savings relating to the Connexions and Troubled Families Grant.

**Finance:** Two areas are flagged as yellow. Financial Services reflects savings on Treasury Management; lower borrowing costs and higher than forecast investment returns will provide benefit of £1.4m. Benefits and Revenue Services are forecast to provide a further £1m of savings.

**Regeneration, Housing and Planning:** Housing and Regeneration Services are forecasted at yellow due to variances on Supporting people contracts and savings

on regeneration Implementation costs.

#### 2.14 **Subjective Area Reds**

**Employees.** Departments have been allocated additional vacancy control targets for 2012/13 whilst for Adults there remain the achievement of savings expected from the Early Voluntary Retirement / Voluntary Severance Scheme. There are also savings targets under Employees Terms and Conditions and Business Transformation change projects which have yet to be progressed.

**Premises.** This relates to the delivery of savings under the rationalisation of office accommodation which is not progressing in accordance with the expected timetable.

**Transport.** The Integrated transport unit is managed by Children & Young People and the budget continues to be under pressure as a consequence of the demands in respect of Adults Services and Special Education Needs. There is also a projected overspend of £0.3m on the social workers car allowances budget.

**Supplies and Services.** The pressures within Adult Social Services and Children & Young People relate to care service costs and it is projected that the overspends will be in the order of £8.2m and £3.3m respectively.

**Customer and Client Receipts.** This mainly reflects likely income shortfalls within the Technical Services department. Areas forecasting to underachieve budget are car parking, Cultural Services and highways inspection and alteration fees.

#### 2.15 **Subjective Area Yellows**

**Government Grants.** The Authority is forecasting an increased Housing and Council Tax Benefit grant receipts.

**Other Grants and Reimbursements:** This includes additional monies received including in respect of Academy funding

**Interest:** This reflects additional investment income forecast to be earned in the year from treasury Management activities.

### **MANAGEMENT ACTIONS**

2.16 The Departmental Directors and the Executive Team continue to seek to identify actions to keep spend within the Budget allocated – these actions are detailed in Appendix 4. Besides the normal Management actions to address the financial pressures, the spending freeze, was implemented by Cabinet on 6 September 2012. Administrative arrangements have been put in place to differentiate between critical expenditures, where the freeze will not apply, and non-critical expenditures, that will cease. The impact of freeze decisions will begin to be reflected from the month 6 monitor.

2.17 A number of items have been identified as recurring issues, such as the inability to

meet income targets in cultural services and car parking. There is an exercise being undertaken to review the accuracy of budgets, in order to:

- Identify short-term funding for 2012/13, if there is a net increase in cost; and,
- As part of compiling next year's budget, propose growth or savings to ensure that the budget inaccuracies are corrected and budgets are soundly based,

and a parallel review of Earmarked Reserves is being undertaken.

## **FREEZE PROCESS AND OUTCOMES**

2.18 The Freeze process has developed since it was agreed on September 6<sup>th</sup>. The list of items that were agreed to be 'passported through' is on the Council's intranet; it will shortly appear on the Council's internet. One of the reasons for this approach is that the list will most likely be updated, and all parties should have instant access to the latest guidance. All other items are frozen, with the 'escape valve' of a weekly appeal as an exception.

2.19 The process for agreeing exceptions has developed, and follows the following path:

1. Service officers submit 'exception' requests by a Monday, that are collated, and presented to Executive Team, with recommendations, for that Thursday. Some of the items require further information, and re-submission.
2. The revised officer recommendations are presented to the Leader on Friday - see Annex 8 - for his consideration on Monday. That review is available to officers on Tuesday.
3. Officers implement the proposals.
4. The proposals are included in the next available Revenue (or Capital) monitor, with a recommendation to agree the **rejected** items.
5. This is so that the budget attached to those rejected items can be 'captured' to reduce the projected overspend.

2.20 The whole point of the exercise is to reduce the projected overspend, which by Section 28 of the Local Government Act 2003, is the duty of the Council, that is, all its Members. The outcome of the recommendations for rejection, for the first two weeks of the exercise are set out below. The savings of just under £1.1m would feed into the M6 monitor:

Week 1	1,069,514
Week 2	2,124
<b>Total saving</b>	<b>1,071,638</b>

## **3 RELEVANT RISKS**

3.1 The possible failure to deliver the Revenue Budget will be mitigated by the monthly review by Chief Officers, charged with improving performance. There are a number of risks that may impact adversely on the forecast expenditure for the remaining months of the year including:-

- Individual budgets may turn out to be unsound, for the excess of codes has

given scope to behaviors that have spread expenditure over inappropriate budgets;

- Increased demand for services, particularly within Adult and Children’s Social Care Services, where greater than forecast numbers coming into care services can impact significantly on financial forecasts.
- The impact of the economic downturn significantly affects both the demand for services and also levels of income, such as fees and charges and arrears collection. This report already forecasts a potential under recovery of fees and charges which may need to be revised if the economic downturn was to worsen.
- The Council’s arrangements for the implementation of a new pay and grade structure under Single Status are progressing and an earmarked reserve for the costs of implementation has been established. There remains uncertainty as to the likely final costs.
- There are budget saving options still to be delivered and these are detailed in Appendix 6. Those yet to be delivered are reflected in the forecast overspends of the Departments.

#### **4 OTHER OPTIONS CONSIDERED**

4.1 Options are included for Cabinet to consider on increasing the level of the General Fund balance.

#### **5 CONSULTATION**

5.1 No consultation has been carried out in relation to this report.

#### **6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 As yet there are no implications for voluntary, community or faith groups.

#### **7 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

7.1 The agreed level of General Fund balance was set at £6m, as part of the March budget decision. The increase in the overspend this month means that the balance has now fallen below this policy level, despite the release of an earmarked reserve.

**Table 5 : SUMMARY OF THE PROJECTED GENERAL FUND BALANCES**

Details	£m	£m
Projected balance 31 March 2013 when setting the Budget 2012/13		8.8
Add : Increase following completion of 2011/12 accounts	+2.0	
Add : Council Tax re-imburement met in 2011/12 rather than budgeted 2012/13	+3.9	
		14.7
Less : Cabinet decisions since the 2012/13 Budget was agreed	-0.7	
Add : Cabinet decision September 6 to release Earmarked Reserve	+7.0	+6.3
Less : Potential overspends, at M5		-15.3
Projected balance 31 March 2013		5.7

7.2 The current levels of Earmarked Reserves are shown in Table 6 with a full listing



included at Appendix 6.

**Table 6: Earmarked Reserves 2012/13**

	<b>Balance at 1 April 2012 £000s</b>	<b>Movement in year £000s</b>	<b>Current Balance 30 June 2012 £000s</b>
Housing Benefit Reserve	11,155	-	11,155
Insurance Fund	9,635	-	9,635
Working Neighbourhoods Fund	7,959	(7,000)	959
Debt Restructuring Fund	7,941	-	7,941
Grant Reserves	1,884	-	1,884
Management of other risks	32,530	(40)-	32,490
School Balances and Schools Related	15,144	-	15,144
<b>Total Reserves</b>	<b>86,248</b>	<b>(7,040)</b>	<b>79,208</b>

Note: Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund).

## **8 LEGAL IMPLICATIONS**

- 8.1 The whole report concerns the duty of the Council to avoid a budget shortfall as rehearsed at para 2.20.

## **9 EQUALITIES IMPLICATIONS**

- 9.1 An Equalities impact assessment is attached to this report. This is essentially a monitoring report which reports on financial performance. However any budgetary decisions including freeze recommendations need to be assessed for any equality implications.

## **10 CARBON REDUCTION IMPLICATIONS**

- 10.1 There are no implications arising directly from this report.

## **11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 11.1 There are no implications arising directly from this report.

## **12 RECOMMENDATIONS**

- 12.1 Cabinet is asked to note that:

- a) At Month 5, (August 2012), the full year forecast projects a potential General Fund overspend of £15.3m;
- b) A review of over/underspends and Earmarked Reserves is being undertaken;
- d) The M4 monitor will be presented with this M5 monitor.

- 12.2 The Cabinet is asked to agree

- a) the rejected freeze items, set out at Appendix 8, in the columns 'Rejected', totalling £1,071,638, as evidenced at para 2.20.

### **13 REASONS FOR THE RECOMMENDATIONS**

- 13.1 The Council having set a Budget at the start of the financial year needs to ensure that the delivery of this Budget is achieved. This has to be within the allocated and available resources to ensure the ongoing financial stability of the Council. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required which is enhanced with the monthly reporting of the financial position.

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### **APPENDICES**

- Appendix 1 Revenue Monitoring and Reporting Timetable 2012/13.  
Appendix 2 General Fund Revenue Budget for 2012/13 agreed by Council.  
Appendix 3 Changes to the Budget 2012/13 since it was set.  
Appendix 4 Management actions  
Appendix 5 Progress on delivering agreed savings 2012/13  
Appendix 6 Earmarked Reserves – General Fund  
Appendix 7 Month 4 Monitor - Monitoring Statement Position to July 31 2012  
Appendix 8 Freeze outcomes, week 1 and week 2

### **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Revenue monitoring reports have previously been submitted as part of the Performance & Financial Review presented to Cabinet on a quarterly basis and from September 2012 are being submitted monthly.	

## REVENUE MONITORING AND REPORTING TIMETABLE 2012/13

## Budget Monitoring Timetable 2012/13

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Review by Departmental Teams	Reports Available For The Executive Team	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Monthly	Quarterly
1	April	06-May	-		-	-
2.	May	11-Jun	-		-	04-Jul
3	June	06-Jul	-	23-Aug	06-Sep	01-Oct
4	July	07-Aug	-	04-Oct	18-Oct	-
5	August	07-Sep	tbc	04-Oct	18-Oct	-
6	September	05-Oct	tbc	25-Oct	08-Nov	27-Nov
7	October	07-Nov	tbc	29-Nov	13-Dec	-
8	November	07-Dec	tbc	03-Jan	17-Jan	-
9.	December	08-Dec	tbc	24-Jan	07-Feb	26-Mar
10	January	07-Feb	tbc	28-Feb	14-Mar	-
11	February	07-Mar	tbc	tbc	tbc	Tbc
12	Outturn (Provisional)	tbc	tbc	tbc	tbc	Tbc

## GENERAL FUND REVENUE BUDGET 2012/13

AGREED BY COUNCIL ON 1 MARCH 2012

<b>Department</b>	<b>Current Budget</b>
<b>Expenditure</b>	<b>£000</b>
Adult Social Services	66,660
Children & YP (plus Schools)	73,665
Finance	24,610
Law, HR and Asset Mgt	14,151
Regeneration, Housing and Planning	25,764
Technical Services	59,905
Merseytravel	29,060
Local Pay Review + Low Pay	248
EVR/VS Scheme	(290)
Council Tax Reimbursement	3,990
Contribution from Balances	(10,282)
<b>Budget Requirement</b>	<b>287,481</b>
<b>Income</b>	
Government Grant	144,737
C/Tax Freeze Grant	6,573
Local Services Grant	1,805
Council Tax	132,911
Collection Fund	1,455
<b>Total Income</b>	<b>287,481</b>
<b>Statement of Balances</b>	
As at 1 April	18,405
Contributions from Balances	(9,605)
<b>Balances</b>	<b>8,800</b>

**CHANGES TO THE BUDGET AGREED SINCE THE 2012/13 BUDGET WAS SET  
RELATING TO THE COMPLETION OF THE 2011/12 ACCOUNTS**

Cabinet	Items	£m
21 Jun 12	2011/12 Financial Outturn report resulted in an improvement in balances due to a net underspend in the year	-5.9
	<b>OVERALL IMPACT OF THESE DECISIONS</b>	<b>-5.9</b>

**VARIATIONS TO THE APPROVED BUDGETS 2012/13**

Cabinet	Items	£m
29 Mar 12	Pacific Road Theatre – Law/Technical Services Increase budget	+0.6
12 Apr 12	Streetscene Contract Review - Increase budget	+0.1
	<b>OVERALL IMPACT OF THESE DECISIONS</b>	<b>-0.7</b>

**VIREMENTS BELOW LEVEL REQUIRING CABINET APPROVAL**

Cabinet	Items	£m
The following adjustments have no bottom line impact on the authority budget:		
n/a	Adjustment of Community Asset Transfer capital financing budget from LawHRAM to Finance	0.077
n/a	Employee budget transferred from LawHRAM to HRP	0.034
n/a	Employee budget transferred from Technical Services to LawHRAM	0.035
n/a	Technical Services reallocation of Internal Savings Targets within budget lines	1.4
n/a	Reallocation of Home Insulation Works within Regeneration, Housing and Planning between Supplies and Services category and Third Party payments	1.1

**MANAGEMENT ACTIONS****ACTIONS TAKEN BY THE EXECUTIVE TEAM / DEPARTMENTAL DIRECTORS TO REDUCE SPEND / INCREASE INCOME**

Department	Items	£000
Children	Connexions – Further reductions in the contract costs (in excess of the agreed savings target)	500
	Troubled Families –Successful submission for Government Grant which will help meet some of the existing costs.	250
	Academies – Increased income being achieved through a review of charges to academies for services provided.	100
	Academies – additional monies received from refund of 'top slice from Department for Education	150
All	Reviews of on going expenditure across all departments	
	Total savings from these actions	1,000

## PROGRESS ON DELIVERING THE AGREED SAVINGS 2012/13 £000's

Department	16,441	Comments / progress on implementation	R A G Y	4,732	1,519	10,190
	100%			28.8	9.2	62.0
				R	A	G
Commissioning Of Services	1,600	The Department is currently reviewing how services are commissioned to deliver savings of £1.6m. An overarching commissioning strategy has been developed and was presented to 21 June Cabinet	R	1,600		
Prevention Services	500	The Department is currently undertaking a review of all voluntary sector contracts and is seeking to re-commission this activity at a more efficient cost.	R	500		
Employee Budgets 2%	400	This saving is in addition to the Department's existing staff turnover target of £496,100. The shortfall against the total target of £896,100 is estimated at £700,000.	R	400		
Procurement	26	It is anticipated that this saving will be achieved	G			26
Austerity – Supplies	24	It is anticipated that this saving will be achieved	G			24
EVR Scheme	17	Saving have been achieved in full	G			17
<b>CHILDREN &amp; YOUNG PEOPLE</b>						
Early Intervention Grant	1,000	Has been achieved	G			1000
Employee Budgets 2%	750	Progress remains difficult, with pressures on Social work.	R	750		
EVR Scheme	386	Staff who left were from self funded areas, so no budget saving possible.	R	386		
Connexions contract	250	Achieved, with a further £500k contract saving.	Y			250
Schools Intervention Funding	250	Achieved	G			250
Procurement	246	Allocated across Social Care	R	246		
Austerity – Supplies	16	Will be achieved within expenditure controls	G			G
<b>FINANCE</b>						
Efficiency Investment Budget	2,500	The Efficiency Investment Budget has been reduced	G			2,500
Housing Benefit	1,200	This has been built into HB budgets	G			1,200
IT and Printing Services	550	This is part of the departments strategic savings target	A		550	
Employees Budget 2%	520	This is part of the departments strategic savings target	A		520	
EVR Scheme	343	This is part of the departments strategic savings target	G			343

Procurement	189	This is part of the departments strategic savings target	A		189
Austerity – Supplies	8	This saving has been built into departmental budgets	G		8
<b>LAW,HR,ASSET MGT</b>					
Facilities Management	500	£250k achieved through the reduction in Maintenance budgets, the balance remaining is to be identified.	R	250	250
Business Transformation	300	Target will not be achieved in 2012/13	R	300	
Employee Terms & Conditions	300	. Target will not be achieved in 2012/13	R	300	
Employee Budgets 2%	260	Currently on target to be achieved in year.	A		260
Office Rationalisation	260	Achieved	G		260
Disposal of Assets	100	Achieved.	G		100
Procurement	33	Budgets reduced to reflect these savings.	G		33
Austerity – Supplies	6	Budgets reduced to reflect these savings.	G		6
<b>REG,HSG &amp; PLANNING</b>					
Broadband Facility	1,075	Achieved	G		1,075
Home Insulation Programme	1,000	Achieved	G		1,000
Employee Budgets 2%	160	On target to achieve	G		160
Supporting People Contracts	150	Achieved	G		150
Merseyside Info Service	50	Achieved	G		50
EVR Scheme	13	Achieved	G		13
Austerity – Supplies	8	Achieved	G		8
<b>TECHNICAL SERVICES</b>					
Procurement	745	Currently anticipated to be achieved. Biffa contract part of this	G		745
Employee Budgets 2%	380	Currently anticipated to be achieved.	G		380
EVR Scheme	150	Currently anticipated to be achieved.	G		150
Street Lighting	100	Currently anticipated to be achieved.	G		100
Highways Administration	80	Currently anticipated to be achieved.	G		80
Austerity – Supplies	12	Currently anticipated to be achieved.	G		12



**EARMARKED RESERVES - GENERAL FUND**

<b>Earmarked Reserves</b>	<b>Balance at 1 April 2012 £000</b>	<b>Movement In Year</b>	<b>Current Balance 31 July 2012 £000</b>
Schools Balances	11,767	-	11,767
Housing Benefit	11,155	-	11,155
Insurance Fund	9,635	-	9,635
Working Neighbourhood Fund	7,959	(7,000)	959
Debt Restructuring	7,941	-	7,941
Minimum Revenue Provision	4,400	-	4,400
Community Fund Asset Transfer	3,301	-	3,301
Intranet Development	3,161	-	3,161
Local Pay review	2,641	-	2,641
One Stop Shop/Libraries IT Networks	2,119	-	2,119
Supporting People Programme	1,505	-	1,505
Cosyhomes Insulation	1,244	-	1,244
School Harmonisation	1,241	-	1,241
Stay, Work, Learn Wise	908	-	908
Schools Capital Schemes	777	-	777
Matching Fund	558	-	558
20 MPH Zones	550	-	550
Home Adaptations	537	-	537
West Wirral Schemes	530	-	530
Merseyside Information Service	500	-	500
ERDF Match Funding	500	-	500
Strategic Asset Review	495	-	495
Planned Preventative Maintenance	483	-	483
Heritage Fund	420	-	420
Schools Automatic Meter Readers	415	-	415
Children's Workforce Development Council	399	-	399
Schools Contingency	370	-	370
Business Improvement Grant	342	-	342
Local Area Agreement Reward	322	-	322
Primary Care Trust Physical Activities	300	-	300
Schools Service IT	294	(16)	278
Schools Summer Term	280	-	280
Homeless Prevention	271	-	271
Other Reserves	<u>8,928</u>	<u>(24)</u>	<u>8,904</u>
	86,248	(7,040)	79,208

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund).

## WIRRAL COUNCIL

## CABINET

18 OCTOBER 2012

<b>SUBJECT</b>	<b>REVENUE MONITORING 2012/13 MONTH 4 (JULY 2012)</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>INTERIM DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

**1 EXECUTIVE SUMMARY**

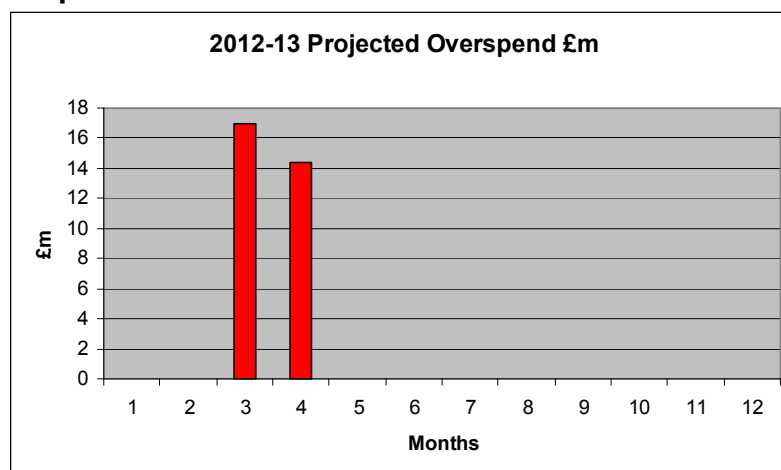
- 1.1 This report continues the new format and sets out the revenue position for 2012/13 as at Month 4 (July 2012). It identifies the latest financial projections and prioritises the risks for ongoing management actions, to ensure the year-end position will result in spend remaining within the budget allocated.

**2 BACKGROUND**

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze, in the light of a projected £17m overspend.
- 2.2 In the forthcoming months, the aim is to expand the report to include the cumulative information as the year progresses, being built-up by the monthly reporting. Appendix 1 sets out the timetable for reporting the revenue monitor during 2012/13. A monthly Capital Monitor is separately reported to Cabinet.

**OVERALL POSITION AT MONTH 4 (JULY 2012)**

- 2.3 The projected revenue forecast for the year, at Month 4 (to end July 2012), shows a potential General Fund **overspend of £14.4m**, down on the M3 projection of a £17m overspend.

**Graph 1: Wirral Council – 2012/13 General Fund Variance, by month**

## CHANGES TO THE AGREED BUDGET AND VARIATIONS

- 2.4 The Budget for 2012/13 was agreed by Council on 1 March 2012 and is detailed in Appendix 2; any increase in the Budget has to be agreed by full Council. Changes to the budget have occurred since it was set and these are summarised in the table below. They presently comprise variations approved by Cabinet / Council and will in future include approved virements relating to the use of the Efficiency Investment Fund, reserves, any budget realignments to reflect any changes to the departmental structure and responsibilities, as well as any technical adjustments. These are detailed in Appendix 3.

**Table 1: 2012/13 Original & Revised Net Budget analysed by Department**

	Original Net Budget	Approved Budget Virements Month 1-3	Approved Budget Virements Month 4	Revised Net Budget
	£000	£000	£000	£000
Adult Social Services	66,660	-	-	66,660
Children & Young People	73,665	-	-	73,665
Finance	24,610	-50	-	24,560
Law, HR & Asset Management	13,901	300	-	14,201
Regeneration, Hsg & Planning	25,764	-	-	25,764
Technical Services	59,478	427	-	59,905
<b>Net Cost of Services</b>	<b>264,078</b>	<b>677</b>	<b>-</b>	<b>264,755</b>

- 2.5. The main report will only comment on large variations (Red and Yellow items), which methodology will be introduced in full in the next iteration of this report. The 'variations' analysis distinguishes between overspends and underspends and the proposed 'risk band' classification is:

- Overspends - Red (over +£301k), Amber (+£141k to +£300k)
- Acceptable - Green (range from +£140k to -£140k)
- Underspends - Blue (-£141k to -£300k), Yellow (over -£301k)

- 2.6 The reporting process identifies over or underspends and classifies them into risk bands. The projection is for a total potential General Fund overspend of £14.4m across the six Directorates for 2012/13, as set out in the table below, which records 50% of the departments on red and one on yellow. Further information is contained within Appendix 4.

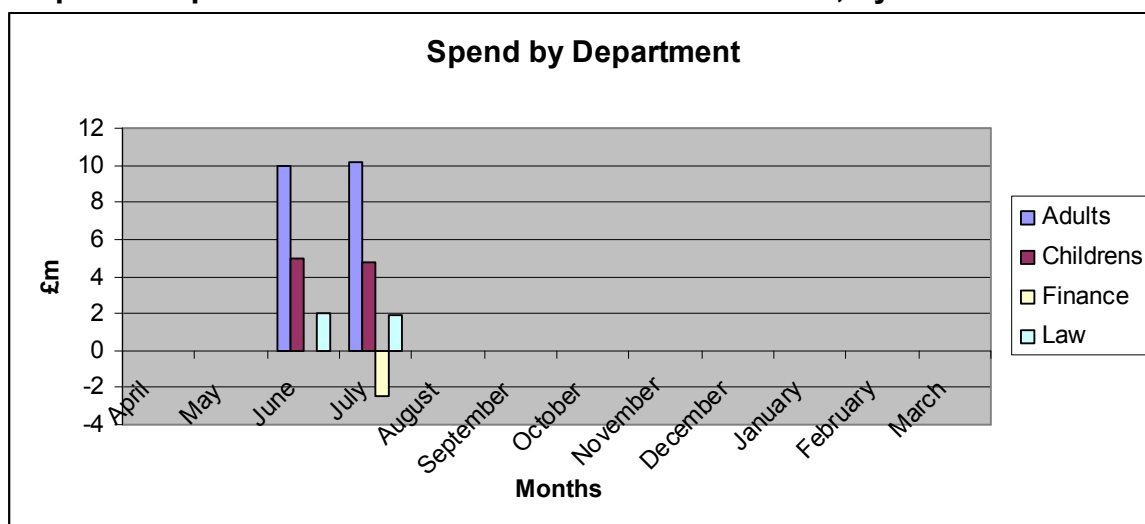
**Table 2: 2012/13 Projected General Fund Budget variations by Department**

Department	Revised Budget	Forecast Outturn	(Under) Overspend	RAGBY Classification	Month 3 (Under)/Overspend	Change
	£000	£000	£000		£000	£000
Adults	66,660	76,860	10,200	R	10,000	+200
Children & YP	73,665	78,465	4,800	R	5,000	-200
Finance	24,560	22,060	-2,500	Y	-	-2,500
Law, HR & AM	14,201	16,101	1,900	R	2,000	-100
Reg, Hsg & Plan	25,764	25,764	-	G	-	-
Technica	59,905	59,905	-	G	-	-
<b>TOTAL</b>	<b>264,755</b>	<b>279,155</b>	<b>14,400</b>		<b>17,000</b>	<b>-2,600</b>

2.7 Within the various departments, there have been the following developments:

- **Adult Social Services** there is a potential overspend of £10.2m, up £0.2m on M3.
- **Children and Young People** there is a potential overspend of £4.8m, down £0.2m on M3.
- **Law, HR and Asset Management** there is a potential overspend of £1.9m, down £0.1m on M3.
- **Finance** is projecting a £2.5m underspend, arising from improvements in Housing Benefit processing (£1m) and reduced capital financing (£1.5m), arising from programme slippage in 2011/12..

**Graph 2: Department – 2012/13 General Fund Variance, by month**



2.8 To complete the analysis, the table below sets out the position by category of spend/income. The main areas of variance are under employees and supplies & services, the latter incorporating the cost of care for adults and children.

**Table 3: 2012/13 Projected Departmental Variations by Spend**

	Revised Budget	Forecast Outturn	Variance	RAGBY	Change from Month 3
	£000	£000	£000		£000
<b>Gross Expenditure</b>					
Employees	140,936	143,936	3,000	R	-500
Premises	22,180	23,480	1,300	R	-200
Transport	8,556	10,056	1,500	R	+200
Supplies and Services	113,960	125,460	11,500	R	+1,500
Third Party Payments	72,438	72,438	-	G	-
Transfer Payments	163,072	163,072	-	G	-
Support Services	79,115	79,115	-	G	-
Financing Costs	72,167	71,167	-1,000	B	-1,000
Schools Expenditure	442,596	442,596	-	G	-
<b>Total Expenditure</b>	<b>1,115,020</b>	<b>1,131,320</b>	<b>16,300</b>		-

**Table 3 (con)’: 2012/13 Projected Departmental Variations by Income**

	Revised Budget	Forecast Outturn	Variance	RAGBY	Change from Month 3
<b>Gross Income</b>					-
Schools Income	439,851	439,851	-	G	-
Government Grants	205,025	206,025	-1,000	B	-1,700
Other Grants/Reimbursements	17,810	18,210	-400	B	-400
Customer and Client Receipts	45,751	45,751	-	G	-
Other	130	130	-	G	-
Interest	875	1,375	-500	G	-500
Recharge to Other Rev A/c	140,823	140,823	-	G	-
<b>Total Income</b>	<b>850,265</b>	<b>852,165</b>	<b>-1,900</b>		<b>-2,600</b>
<b>Net Expenditure</b>	<b>264,755</b>	<b>279,155</b>	<b>14,400</b>		<b>-2,600</b>

- 2.9 Schools expenditure funded from the Dedicated Schools Grant. As this grant is ringfenced any over/underspend not impact on the General Fund financial position.

### **RAGBY REPORTING AND OTHER ISSUES**

- 2.10 The Red and Yellow RAGBY issues that are the subject of corporate focus are detailed in the following sections by Business Area (by Department identifying the service) and then by Subjective Area (by the type of spend / income).

#### **2.11 Business Area Reds**

**Adult Social Services:** Pressures remain at £10.2m. These arise from underlying and further demand pressures on the care services budgets which account for £8.2m of the potential overspend. There is additional pressure from an increase to the turnover target and in the delivery of savings under the Early Voluntary Retirement / Voluntary Severance Scheme which total £2m.. Consultation with care home providers in respect of fee rates for 2012/13 is ongoing and may add to pressures already identified.

**Children and Young People:** Of the total of £4.8m the main pressures are in Social Care and Transport. In the former are looked after children and residential care where numbers continue to exceed target levels and account for £3.5m of the potential overspend. Transport is provided by the department on behalf of all departments and the projected overspend continues to be in the order of £1.2m reflecting both Special Education Needs and Adults transport.

**Law, HR and Asset Management:** Pressures of £1.9m relate to savings not yet achieved with approximately £0.8m of these savings to be allocated against other departmental budgets leaving the remainder to be allocated against LHRAM.

## 2.12 Business Area Yellows

**Finance:** There is a predicted underspend of £2.5m. Arising from Treasury Management; lower borrowing costs and higher than forecast investment returns will provide benefit of £1.5m. Housing benefit is forecast to provide a further £1m of savings.

## 2.13 Subjective Area Reds

**Employees.** Departments have been allocated additional vacancy control targets for 2012/13 whilst for Adults there remain the achievement of savings expected from the Early Voluntary Retirement / Voluntary Severance Scheme. There are also savings targets under Employees Terms and Conditions and Business Transformation change projects which have yet to be progressed.

**Premises.** This relates to the delivery of savings under the rationalisation of office accommodation which is not progressing in accordance with the expected timetable.

**Transport.** The Integrated transport unit is managed by Children & Young People and the budget continues to be under pressure as a consequence of the demands in respect of Adults Services and Special Education Needs. There is also a projected overspend of £0.3m on the social workers car allowances budget.

**Supplies and Services.** The pressures within Adult Social Services and Children & Young People relate to care service costs and it is projected that the overspends will be in the order of £8.2m and £3.5m respectively.

## MANAGEMENT ACTIONS

2.14 The Departmental Directors and the Executive Team continue to seek to identify actions to keep spend within the Budget allocated – these actions are detailed in Appendix 5. Besides the normal Management actions to address the financial pressures, the spending freeze, was implemented by Cabinet on 6 September 2012. Administrative arrangements have been put in place to differentiate between critical expenditures, where the freeze will not apply, and non-critical expenditures, that will cease.

2.15 A number of items have been identified as recurring issues, such as the inability to meet income targets in cultural services and car parking. There is an exercise being undertaken to review the accuracy of budgets, in order to:

- Identify short-term funding for 2012/13, if there is a net increase in cost; and,
- As part of compiling next year's budget, propose growth or savings to ensure that the budget inaccuracies are corrected and budgets are soundly based,

and a parallel review of Earmarked Reserves is being undertaken.

### **3 RELEVANT RISKS**

3.1 The possible failure to deliver the Revenue Budget will be mitigated by the monthly review by Chief Officers, charged with improving performance. There are a number of risks that may impact adversely on the forecast expenditure for the remaining months of the year including:-

- Individual budgets may turn out to be unsound, for the excess of codes has given scope to behaviors that have spread expenditure over inappropriate budgets;
- Increased demand for services, particularly within Adult and Children's Social Care Services, where greater than forecast numbers coming into care services can impact significantly on financial forecasts.
- The impact of the economic downturn significantly affects both the demand for services and also levels of income, such as fees and charges and arrears collection. This report already forecasts a potential under recovery of fees and charges which may need to be revised if the economic downturn was to worsen.
- The Council's arrangements for the implementation of a new pay and grade structure under Single Status are progressing and an earmarked reserve for the costs of implementation has been established. There remains uncertainty as to the likely final costs.
- There are budget saving options still to be delivered and these are detailed in Appendix 6. Those yet to be delivered are reflected in the forecast overspends of the Departments.

### **4 OTHER OPTIONS CONSIDERED**

4.1 Options are included for Cabinet to consider on increasing the level of the General Fund balance.

### **5 CONSULTATION**

5.1 No consultation has been carried out in relation to this report.

### **6 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 As yet there are no implications for voluntary, community or faith groups.

### **7 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

7.1 The agreed level of General Fund balance was set at £6m, as part of the March budget decision. It remains at the policy level, in the main, due to the release of an earmarked reserve.

**Table 4 : SUMMARY OF THE PROJECTED GENERAL FUND BALANCES**

Details	£m	£m
Projected balance 31 March 2013 when setting the Budget 2012/13		8.8
Add : Increase following completion of 2011/12 accounts	+2.0	
Add : Council Tax re-imburement met in 2011/12 rather than budgeted 2012/13	+3.9	
		14.7
Less : Cabinet decisions since the 2012/13 Budget was agreed	-0.7	
Add : Cabinet decision September 6 to release Earmarked Reserve	+7.0	+6.3
Less : Potential overspends, at M4		-14.4
Projected balance 31 March 2013		6.6

- 7.2 The current levels of Earmarked Reserves are shown in Table 5 with a full listing included at Appendix 7.

**Table 5: Earmarked Reserves 2012/13**

	Balance at 1 April 2012 £000s	Movement in year £000s	Current Balance 30 June 2012 £000s
Housing Benefit Reserve	11,155	-	11,155
Insurance Fund	9,635	-	9,635
Working Neighbourhoods Fund	7,959	-	7,959
Debt Restructuring Fund	7,941	-	7,941
Grant Reserves	1,884	-	1,884
Management of other risks	32,530	-	32,530
School Balances and Schools Related	15,144	-	15,144
<b>Total Reserves</b>	<b>86,248</b>	<b>-</b>	<b>86,248</b>

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund).

## 8 LEGAL IMPLICATIONS

- 8.1 There are no legal implications arising directly from this report.

## 9 EQUALITIES IMPLICATIONS

- 9.1 This is essentially a monitoring report which reports on financial performance.

## 10 CARBON REDUCTION IMPLICATIONS

- 10.1 There are no implications arising directly from this report.

## 11 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no implications arising directly from this report.



## 12 RECOMMENDATIONS

12.1 Cabinet is asked to note that :

- a) At Month 5, (August 2012), the full year forecast projects a potential General Fund overspend of £15.3m;
- b) A review of over/underspends and Earmarked Reserves is being undertaken.
- c) The M4 monitor will be presented with this M5 monitor.

## 13 REASONS FOR THE RECOMMENDATIONS

13.2 The Council having set a Budget at the start of the financial year needs to ensure that the delivery of this Budget is achieved. This has to be within the allocated and available resources to ensure the ongoing financial stability of the Council. Consequently there is a requirement to regularly monitor progress so that corrective action can be taken when required which is enhanced with the monthly reporting of the financial position.

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## APPENDICES

- Appendix 1 Revenue Monitoring and Reporting Timetable 2012/13.
- Appendix 2 General Fund Revenue Budget for 2012/13 agreed by Council.
- Appendix 3 Changes to the Budget 2012/13 since it was set.
- Appendix 4 Financial Monitoring Statement Position as at 31 July 2012.
- Appendix 5 Management actions
- Appendix 6 Progress on delivering agreed savings 2012/13.
- Appendix 7 Earmarked Reserves – General Fund.

## SUBJECT HISTORY

Council Meeting	Date
Revenue monitoring reports have previously been submitted as part of the Performance & Financial Review presented to Cabinet on a quarterly basis and from September 2012 are being submitted monthly.	

## REVENUE MONITORING AND REPORTING TIMETABLE 2012/13

## Budget Monitoring Timetable 2012/13

Period Number	Month	General Ledger Updated and Reports Available To Be Produced	Review by Departmental Teams	Reports Available For The Executive Team	Reports Available For Cabinet	Reports Available For Council Excellence Overview & Scrutiny Committee
			Monthly	Monthly	Monthly	Quarterly
1	April	06-May	-		-	-
2.	May	11-Jun	-		-	04-Jul
3	June	06-Jul	-	23-Aug	06-Sep	01-Oct
4	July	07-Aug	-	04-Oct	18-Oct	-
5	August	07-Sep	tbc	04-Oct	18-Oct	-
6	September	05-Oct	tbc	25-Oct	08-Nov	27-Nov
7	October	07-Nov	tbc	29-Nov	13-Dec	-
8	November	07-Dec	tbc	03-Jan	17-Jan	-
9.	December	08-Dec	tbc	24-Jan	07-Feb	26-Mar
10	January	07-Feb	tbc	28-Feb	14-Mar	-
11	February	07-Mar	tbc	tbc	tbc	Tbc
12	Outturn (Provisional)	tbc	tbc	tbc	tbc	Tbc

## GENERAL FUND REVENUE BUDGET 2012/13

AGREED BY COUNCIL ON 1 MARCH 2012

<b>Department</b>	<b>Current Budget</b>
<b>Expenditure</b>	<b>£000</b>
Adult Social Services	66,660
Children & YP (plus Schools)	73,665
Finance	24,610
Law, HR and Asset Mgt	14,151
Regeneration, Housing and Planning	25,764
Technical Services	59,905
Merseytravel	29,060
Local Pay Review + Low Pay	248
EVR/VS Scheme	(290)
Council Tax Reimbursement	3,990
Contribution from Balances	(10,282)
<b>Budget Requirement</b>	<b>287,481</b>
Income	
Government Grant	144,737
C/Tax Freeze Grant	6,573
Local Services Grant	1,805
Council Tax	132,911
Collection Fund	1,455
<b>Total Income</b>	<b>287,481</b>
Statement of Balances	
As at 1 April	18,405
Contributions from Balances	(9,605)
<b>Balances</b>	<b>8,800</b>

**CHANGES TO THE BUDGET AGREED SINCE THE 2012/13 BUDGET WAS SET  
RELATING TO THE COMPLETION OF THE 2011/12 ACCOUNTS**

Cabinet	Items	£m
21 Jun 12	2011/12 Financial Outturn report resulted in an improvement in balances due to a net underspend in the year	-5.9
	<b>OVERALL IMPACT OF THESE DECISIONS</b>	<b>-5.9</b>

**VARIATIONS TO THE APPROVED BUDGETS 2012/13**

Cabinet	Items	£m
29 Mar 12	Pacific Road Theatre – Law/Technical Services Increase budget	+0.6
12 Apr 12	Streetscene Contract Review - Increase budget	+0.1
	<b>OVERALL IMPACT OF THESE DECISIONS</b>	<b>-0.7</b>

**WIRRAL COUNCIL FINANCIAL MONITORING STATEMENT 2012/13 POSITION AS AT 31 JULY 2012 APPENDIX 4(of appendix7)**

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	500	2,567	66,660	-	£10.2 m pressures	66,660	A	Main pressure areas are within Community care services including additional 2012/13 pressures and underlying 2011/12 overspend and reduced health funding.
Children & YP (plus Schools)	1,378	2,899	73,665	-	£4.9 m pressures	73,665	A	Child care costs, particularly residential, as a result of rising demand remain the volatile area whilst transport costs represent a challenge.
Finance	100	5,310	24,610	-	Predicting -£2.5 m underspend	24,610	G	Treasury Management through higher investment returns and lower borrowing costs and increased Housing Benefit grant are likely to produce a predicted underspend of £2.5 million in the year.
Law, HR and Asset Mgt	(220)	1,759	13,901	250	£1.9 million pressures	14,151	A	The progression of the accommodation strategy (disposals and rationalisation) is a key area. Achievement of savings including those to reallocate to other departments a pressure area.
Regen, Housing and Planning	3,000	2,456	25,764	-	-	25,764	G	The income budgets for planning / building control are the main issue. A review of income is currently underway. No other variations as yet.
Technical Services	185	1,467	59,478	427	-	59,905	G	Income targets for car parking and cultural services activities remain the most significant challenge..
Merseytravel	-	-	29,060	-	-	29,060	G	Fixed amount - no change.
Local Pay Review + Low Pay	-	-	248	-	-	248	G	Available to meet the implementation of Job Evaluation / Low Pay.
EVR/VS Scheme	-	-	(290)	-	-	(290)	G	Balance for CYP employees.
Council Tax Reimbursement	-	-	3,990	-	-	3,990	G	Amount of grant confirmed by Government in April.
Contribution from Balances	-	-	(9,605)	(677)	-	(10,282)	G	£9.605m before any changes agreed by Cabinet.
<b>Budget Requirement</b>	<b>4,943</b>	<b>16,458</b>	<b>287,481</b>	-	-	<b>287,481</b>		
<b>Income</b>								
Government Grant	-	-	144,737	-	-	144,737	G	Fixed amount - no change
C/Tax Freeze Grant	-	-	6,573	-	-	6,573	G	Fixed amount - but note £3.3m of this is for 2012/13 only.
Local Services Grant	-	-	1,805	-	-	1,805	G	Amount of grant confirmed by Government in April.
Council Tax	-	-	132,911	-	-	132,911	G	Fixed amount - no change
Collection Fund	-	-	1,455	-	-	1,455	G	Fixed amount - no change.
<b>Total Income</b>	-	-	<b>287,481</b>	-	-	<b>287,481</b>		
<b>Statement of Balances</b>								
As at 1 April	-	-	18,405	-	-	18,405		Opening balance with forecast for 31 March 2013 of £8.8 million.
Contributions from Balances	-	-	(9,605)	-	-	(9,605)		Before any changes agreed by Cabinet.
Cabinet decisions								
Changes – Agreed Cabinet	-	-	-	5,223	-	5,223		29 Mar Pacific Road £0.6m, 12 Apr Streetscene contract £0.1m, 2011/12 Financial Outturn report £5.9m increase
Changes – Not Agreed	-	-	-	-	-	-		Based upon departmental projections and not yet agreed.
<b>BALANCES</b>	-	-	<b>8,800</b>	<b>5,223</b>	-	<b>14,023</b>		<b>Projected balance at start / end of year</b>

**MANAGEMENT ACTIONS****ACTIONS TAKEN BY THE EXECUTIVE TEAM / DEPARTMENTAL DIRECTORS TO REDUCE SPEND / INCREASE INCOME**

Department	Items	£000
Children	Connexions – Further reductions in the contract costs (in excess of the agreed savings target)	500
	Troubled Families –Successful submission for Government Grant which will help meet some of the existing costs.	250
	Academies – Increased income being achieved through a review of charges to academies for services provided.	100
	Total savings from these actions	850

## PROGRESS ON DELIVERING THE AGREED SAVINGS 2012/13

<b>ADULT SOCIAL SERVICES</b>	<b>£000</b>	<b>Comments / progress on implementation</b>
Commissioning Of Services	1,600	The Department is currently reviewing how services are commissioned to deliver savings of £1.6m. An overarching commissioning strategy has been developed and was presented to 21 June Cabinet
Prevention Services	500	The Department is currently undertaking a review of all voluntary sector contracts and is seeking to re-commission this activity at a more efficient cost.
Employee Budgets 2%	400	This saving is in addition to the Department's existing staff turnover target of £496,100. The shortfall against the total target of £896,100 is estimated at £700,000.
Procurement	26	It is anticipated that this saving will be achieved
Austerity – Supplies	24	It is anticipated that this saving will be achieved
EVR Scheme	17	Saving have been achieved in full
<b>CHILDREN &amp; YOUNG PEOPLE</b>	<b>£000</b>	<b>Comments / progress on implementation</b>
Early Intervention Grant	1,000	Has been achieved
Employee Budgets 2%	750	Progress remains difficult, with pressures on Social work.
EVR Scheme	386	Staff who left were from self funded areas, so no budget saving possible.
Connexions contract	250	Achieved, with a further £500k contract saving.
Schools Intervention Funding	250	Achieved
Procurement	246	Allocated across Social Care
Austerity – Supplies	16	Will be achieved within expenditure controls
<b>FINANCE</b>	<b>£000</b>	<b>Comments / progress on implementation</b>
Efficiency Investment Budget	2,500	The Efficiency Investment Budget has been reduced
Housing Benefit	1,200	This has been built into HB budgets
IT and Printing Services	550	This is part of the departments strategic savings target
Employees Budget 2%	520	This is part of the departments strategic savings target
EVR Scheme	343	This is part of the departments strategic savings target
Procurement	189	This is part of the departments strategic savings target
Austerity – Supplies	8	This saving has been built into departmental budgets
<b>LAW,HR,ASSET MGT</b>	<b>£000</b>	<b>Comments / progress on implementation</b>
Facilities Management	500	£250k achieved through the reduction in Maintenance budgets, the balance remaining is to be identified.
Business Transformation	300	Identification of how this saving can be achieved has been identified & a decision is awaited with regards to the allocation.
Employee Terms & Conditions	300	Identification of how this saving can be achieved has been identified & a decision is awaited with regards to the allocation.
Employee Budgets 2%	260	Currently on target to be achieved in year.
Office Rationalisation	260	Achieved
Disposal of Assets	100	Achieved.
Procurement	33	Budgets reduced to reflect these savings.
Austerity – Supplies	6	Budgets reduced to reflect these savings.

<b>REG,HSG &amp; PLANNING</b>	<b>£000</b>	<b>Comments / progress on implementation</b>
Broadband Facility	1,075	Achieved
Home Insulation Programme	1,000	Achieved
Employee Budgets 2%	160	On target to achieve
Supporting People Contracts	150	Achieved
Merseyside Info Service	50	Achieved
EVR Scheme	13	Achieved
Austerity – Supplies	8	Achieved
<b>TECHNICAL SERVICES</b>	<b>£000</b>	<b>Comments / progress on implementation</b>
Procurement	745	Currently anticipated to be achieved. Biffa contract part of this
Employee Budgets 2%	380	Currently anticipated to be achieved.
EVR Scheme	150	Currently anticipated to be achieved.
Street Lighting	100	Currently anticipated to be achieved.
Highways Administration	80	Currently anticipated to be achieved.
Austerity – Supplies	12	Currently anticipated to be achieved.



**EARMARKED RESERVES - GENERAL FUND**

<b>Earmarked Reserves</b>	<b>Balance at 1 April 2012 £000</b>	<b>Movement In Year</b>	<b>Current Balance 31 July 2012 £000</b>
Schools Balances	11,767	-	11,767
Housing Benefit	11,155	-	11,155
Insurance Fund	9,635	-	9,635
Working Neighbourhood Fund	7,959	-	7,959
Debt Restructuring	7,941	-	7,941
Minimum Revenue Provision	4,400	-	4,400
Community Fund Asset Transfer	3,301	-	3,301
Intranet Development	3,161	-	3,161
Local Pay review	2,641	-	2,641
One Stop Shop/Libraries IT Networks	2,119	-	2,119
Supporting People Programme	1,505	-	1,505
Cosyhomes Insulation	1,244	-	1,244
School Harmonisation	1,241	-	1,241
Stay, Work, Learn Wise	908	-	908
Schools Capital Schemes	777	-	777
Matching Fund	558	-	558
20 MPH Zones	550	-	550
Home Adaptations	537	-	537
West Wirral Schemes	530	-	530
Merseyside Information Service	500	-	500
ERDF Match Funding	500	-	500
Strategic Asset Review	495	-	495
Planned Preventative Maintenance	483	-	483
Heritage Fund	420	-	420
Schools Automatic Meter Readers	415	-	415
Children's Workforce Development Council	399	-	399
Schools Contingency	370	-	370
Business Improvement Grant	342	-	342
Local Area Agreement Reward	322	-	322
Primary Care Trust Physical Activities	300	-	300
Schools Service IT	294	-	294
Schools Summer Term	280	-	280
Homeless Prevention	271	-	271
Other Reserves	<u>8,928</u>	-	<u>8,928</u>
	<b>86,248</b>		<b>86,248</b>

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund).

## Annex 8 Week 1 – Revenue Freeze

Revenue Freeze Executive Team September 20 2012 - Decisions

1 to 34

Dept	Ref Project Title	Requested	Agreed	Suspend	Rejected Reason for Recommendation
ASS	1 SWIFT development	3,240	3,240		IT development to produce efficiencies and improved customer access
CYP	2 Dinner for those taking part in the Youth Parliament	800	800		Commitment as part of the event
CYP	3 Early Intervention Review	10,200	10,200		Response to Peer Review and reshaping of service, which will produce savings
CYP	4 Annual Youth Conference - meals	395	395		Commitment as part of the event
CYP	5 Youth Inclusion Project	2,151	2,151		Aimed at those at high risk of involvement in crime & anti-social behaviour
CYP	6 5 yearly review of RE syllabus	2,700	2,700		To fulfill statutory duty
LHR	7 Purchase of Hot Water Boiler - New Brighton Life Guard Station	486	486		Existing has been condemned
LHR	8 Neptune Development, Sailing School Building, New Brighton	1,050	1,050		Solicitor's fee to trigger annual income of £14.4k
LHR	9 Office, Meeting and Reception Furniture - Chief Executive's suite, Wallasey	13,000		13,000	Redeploy best available furniture and cascade replacement through the organisation.
LHR	10 Job Evaluation - Phase 3 & 4 Pay Modelling	3,800	3,800		Annual licence
LHR	11 Pest Control - Insecticide	293	293		Operational necessity
LHR	12 Pest Control - Essential H&S training	480	480		Operational necessity
LHR	13 Hot Water Boiler, Treasury Building	410	410		Operational necessity
LHR	14 Refurbishment of Passenger Lift, Wallasey Town Hall	76,594	76,594		Operational necessity; regular breaks down, only lift
CEX	15 Area Forum - You Decide, Vol Grant, Funds For You, £500,000 Option	1,303,000		1,303,000	Not essential 'life & limb' spend
CEX	16 Marketing for Libraries Campaign - Annual Bookfest	1,000			1,000 Undertake campaign by 'e', rather than printed.
CEX	17 Foster Care and Adoption Recruitment Activity	20,770	20,770		
CEX	18 Marketing for Sport and Recreation Mini Tennis Campaign	1,500			1,500 Undertake campaign by 'e', rather than printed.
RHP	19 Invest Wirral Business Support Programme	135,324	135,324		Generates economic activity and supports jobs
RHP	20 Wirral Apprenticeship Programme (plus £438,906 in 2013/14)	616,094	616,094		Generates economic activity and supports jobs
RHP	21 Wirral Intermediate Labour Market project £190,000 to 2014; 90 12-13, 100 13-14	90,000	90,000		Generates economic activity and supports jobs
TEC	22 Replacement Play Area, Central Park, Park Primary School	72,000			72,000 Delay redevelopment until 2013-14
TEC	23 Landscape Works, Liscard Hall site, Central Park	50,000	50,000		Funded from Insurance money
TEC	24 Play Area, Epsom Road 106 (Agreement so external funding)	60,000	60,000		S106 agreement
TEC	25 Firework Display (5th November)	13,000	13,000		Minimise anti-social behaviour
TEC	26 Drainage Improvement Works Higher Bebington Recreation Ground	50,000			50,000 Delay redevelopment until 2013-14
TEC	27 Drainage Works Municipal Golf Courses, Arrowe Park and Brackenwood	145,000			145,000 Delay redevelopment until 2013-14
TEC	28 Parks Improvement Works, infrastructure, signage, access and planting	112,000			112,000 Delay redevelopment until 2013-14
TEC	29 Sites of Special Scientific Interest Higher Level Stewardship Agreements	11,514			11,514 Accept risk of lower standards in the short term; delay until 2013-14
TEC	30 Surfacing works - Central Park, Arno, Flaybrick Cemetery	58,000	58,000		Prevent further deterioration and higher future costs
TEC	31 Play equipment and surfacing replacement parks and play areas	50,000		50,000	Accept risk of lower standards in the short term; delay until 2013-14
TEC	32 Health and Safety Works - windblown sand removal	6,000	6,000		Contractual liability
TEC	33 Parks - General Repairs	76,500			76,500 Accept risk of lower standards in the short term; delay until 2013-14
CORP	34 Local Pay Award £250; check amount (poss £1m)	600,000			600,000 Replace with minimum wage commitment
		<u>3,587,301</u>	<u>1,151,787</u>	<u>1,366,000</u>	<u>1,069,514</u>
	Percent	100.0	32.1	38.1	29.8

## Annex 8 Week 2 – Revenue Freeze

### Revenue Freeze Executive Team September 27 2012 - Decisions

Dept	Ref	Project Title	Requested	Agreed	Suspend	Rejected	Reason for Officer Recommendation 27/9
DASS	35	Who Cares - PC equipment	1,765	1,765			Grant funded which loose if not used
DASS	36	Your Future Your Choice - flyer for Learning Disabilities event	538			538	Provide on A4 paper
DASS	37	Highcroft Garden Café - PC equipment	2,077	2,077			Grant funded which loose if not used
CEX	38	Destination Marketing Team - 7 events	37,000	37,000			"Spend to save" with gross exp of £56.5 defrayed by £19.5 ticket sales, net cost £37,000. CO to look at remitting remaining budget of £110.8k.
CYP	39	Oaklands - Repairs & Maintenance - replace cooker	78	78			Operational necessity
CYP	40	Oaklands - Tuck Shop -souvenirs	3,814	2,416			Amount restricted to budget level. Sales will fund expenditure. Q? Alternative accounting treatment?
CYP	41	Mersey International Youth Exchange - Hong Kong visit	500	500			A contingency that should not be used, ie no spend
FIN	42	Private Sector Housing - newsletter printing costs	1,586			1,586	Use alternative, e-distribution rather than print
LHR	43	Automatic Meter Reading Contract - tendered	57,000		57,000		Deferred by Chief Officer, who will resubit.
LHR	44	41A Bebington Road, New Ferry - under letting accommodation	1,190	1,190			Operational necessity
LHR	45	Mayer Hall Complex, Bebington - condition survey to enable asset transfer	5,000	5,000			Produces long term savings
LHR	46	Wallasey Town Hall 3rd Floor - accommodation changes to get in more staff	69,400	69,400			Agreed, but state where saving from redeploying staff will occur
TECH	47	Emergency Planning Flood Risk - create operating manual for critical IT system	640	640			Reduce risk of failure
TECH	48	Sport & Recreation Leisure Equipment - replacing 'tired' equipment. Funding from revenue reserves and capital grants.	257,000		257,000		Deferred by Chief Officer, who will resubit.
			<u>437,588</u>	<u>120,066</u>	<u>314,000</u>	<u>2,124</u>	
Percent			99.7	27.4	71.8	0.5	

## Equality Impact Assessment Toolkit (from May 2012)

### **Section 1:** Your details: Peter Molyneux

**EIA lead Officer:** Peter Molyneux

**Email address:** petemolyneux@wirral.gov.uk

**Head of Section:** Tom Sault

**Chief Officer:** Peter Timmins

**Department:** Finance

**Date:** 9 October 2012

### **Section 2:** What Council proposal is being assessed? Revenue Monitoring (including freeze proposals)

#### **Section 2b:** Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?

**Yes** If 'yes' please state which meeting and what date  
Cabinet 18 October 2012

Please add hyperlink to where your EIA is/will be published on the Council's website <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

**Section 3:** Does the proposal have the potential to affect..... (please tick relevant boxes)

- ✓ **Services**
- ✓ **The workforce**
- ✓ **Communities**
- ✓ **Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4:** Does the proposal have the potential to maintain or enhance the way the Council ..... (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- ✓ Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

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**Section 5:** Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.  
Please list in the table below and include actions required to mitigate any potential negative impact.

Which group(s) of people could be affected	Potential positive or negative impact	Action required to mitigate any potential negative impact	Lead person	Timescale	Resource implications
All groups	Budgetary overspends will result in requirement to reduce expenditure in year with consequences on communities and staff. Rational decision making to tackle issues will enhance good relations and minimise negative impacts	Budgetary control including regular monitoring, freeze procedures and budgetary reviews will assist in limiting impact	Peter Timmins	On Going	Budgetary overspends would require funding from resources
All groups	Reduction in expenditure from freeze proposals could impact on services delivered to communities	Freeze process includes exemptions for critical service areas. Process allows for business case to be submitted to exempt expenditure from freeze	Peter Timmins	On Going	Freeze proposals will assist enabling control of expenditure
Staff	Local pay award of £250 to lowest paid workers not proceeded with. Will impact on the lowest paid members of workforce	Not a contractual obligation. Minimum wage commitment	Peter Timmins	Immediate	Reduction in expenditure of at least £600,000

**Section 5a: Where and how will the above actions be monitored?**

Monthly monitoring report to Cabinet. This will include recommendations for approval of spending freeze decisions

**Section 5b: If you think there is no negative impact, what is your reasoning behind this?**

**Section 6: What research / data / information have you used in support of this process?**

Budgetary forecast information

**Section 7: Are you intending to carry out any consultation with regard to this Council proposal?**

Yes / No – (please delete as appropriate) No

If 'yes' please continue to section 8.

If 'no' please state your reason(s) why: Urgent decisions required to tackle budgetary position. Freeze proposals undergo review process and involve officers and members

(please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)



## **Section 8: How will consultation take place and by when?**

Before you complete your consultation, please email your preliminary EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for re-publishing.

## **Section 9: Have you remembered to:**

- a) **Add appropriate departmental hyperlink to where your EIA is/will be published (section 2b)**
- b) **Include any potential positive impacts as well as negative impacts? (section 5)**
- c) **Send this EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer for re-publishing?**