

MATTERS FOR NOTING – COUNCIL 17 DECEMBER 2012

A. Cabinet – 18 October 2012

108 CAPITAL MONITORING 2012/2013 MONTH 5 (AUGUST 2012)

The Cabinet considered the report of the Interim Director of Finance informing Members of the current position regarding the Council's 2012-13 to 2014-15 capital programme. The report reflected:

- The re-profiled 2012-13 capital programme budget;
- The expenditure to date, which continues to be less than it should be;
- The projected outturn figures for 2012-13, which suggested slippage of at least £11m and,
- The current funding of the programme and its future affordability, which in the light of the Revenue monitor required review.

The report sought approval for a proposed increase in the programme of £676,000 per annum between 2012/13 and 2014/15. This was to deliver a number of sustainable transport measures which would be financed from a specific capital grant.

Councillor P Davies welcomed the report and asked if any action could be taken in relation to unsupported borrowing. Councillor P Davies further indicated that that he welcomed the schemes contained within appendix two of the report.

Mr Graham Burgess, Chief Executive sought approval from the Cabinet to release the Moreton Library and One Stop Shop re-modelling scheme and Rock Ferry Centre re-modelling scheme from the current spending freeze.

RESOLVED: That

- (a) the Period 4 increase of £1.789 million to the to the latest 2012-13 Capital Programme as detailed in Appendix 1 to the report be approved;**
- (b) the revised Capital Programme of £74.473m be approved;**
- (c) the spend to date at month 5 of £12million, which represented 16.1% of the revised capital budget, with 42% of the financial year having elapsed be noted;**
- (d) the £48.8m of new unsupported borrowing included over the next three years, which would result in approximately a £4.9m additional revenue costs be noted;**
- (e) the work to detail the schedule of sites to validate the estimate of capital receipts be noted; and**
- (f) note that a future report would include proposals to cease or reduce schemes arising from a review of the current capital programme; and**

- (g) the release of the Moreton Library and One Stop Shop re-modelling scheme and Rock Ferry Centre re-modelling scheme from the current spending freeze be approved.**

109 REVENUE MONITORING 2012/2013 MONTH 5 (AUGUST 2012)

The Cabinet considered the report of the Interim Director of Finance setting out the revenue position for 2012/13 as at Month 5 (August 2012). It identified the latest financial projections and prioritised the risks for ongoing management actions, to ensure the year-end position would result in spend remaining within the budget allocated.

The report indicated that Cabinet on 6 September 2012 instituted a spending freeze in the light of the projected overspend. An overview of the first two weeks of the freeze was detailed within the recommended outcomes appended to the report along with a review of the process.

Councillor Phil Davies indicated that it was clear that the Council had to reduce the overspend and that the current spending freeze was a responsible action, he also stressed importance of the process being transparent. In relation to the Neighbourhood Grants Councillor P Davies indicated that these had been suspended and not cut, which he also felt was a responsible action to assist in addressing the budget issues.

Councillor P Davies circulated an amendment to the recommendations contained within the report and indicated that the amendments offered clarification to the reporting of the overspend which was inherited and to ensure that targets set were achievable. Councillor P Davies further suggested that he be requested to write to the Secretary of State for Communities and Local Government, to seek an urgent meeting in the face of unprecedented cuts in Government funding at a time of increased demand for services with Wirral facing a reduction of around a third in the Council's budget over the next three years. He invited the party Leaders to join him on a cross party basis.

Councillor P Davies moved an amendment, duly seconded, and it was –

RESOLVED: That

- (1) the Cabinet notes the following: That**
 - (a) at Month 5 (August 2012), the full year forecast projected a potential General Fund overspend of £15.3m;**
 - (b) the potential overspend for 2012/13 was not the result of poor financial management in the first half of the financial year, but was mainly attributable to a £14.6m overspend carried forward from 2011/12;**
 - (c) a number of the targets set for savings and income in 2012/13 were unrealistic. Cabinet welcomes the review being undertaken by the**

Interim Director of Finance of our over/underspends and Earmarked Reserves with a view to ensuring that budget inaccuracies are corrected and future budgets are soundly based;

- (d) the M4 monitor will be presented with this M5 monitor.**
- (2) the Cabinet agrees to the following:**
 - (a) The rejected freeze items set out at Appendix 8 in the columns 'Rejected' totalling £1,071,638, as evidenced at paragraph 2.20 within the report;**
 - (b) That the Leader of the Council write to the Secretary of State for Communities and Local Government, to seek an urgent meeting in the face of unprecedented cuts in Government funding at a time of increased demand for services with Wirral facing a reduction of around a third in the Council's budget over the next three years.**

B. Cabinet – 8 November 2012

121 CAPITAL MONITORING 2012/13- PERIOD 6 (SEPTEMBER)

A report by the Interim Director of Finance informed the Cabinet of the current position regarding the Council's 2012-13 to 2014-15 Capital Programme. The Interim Director's report reflected the following:

- the re-profiled 2012-13 capital programme budget;
- the expenditure to date, which continued to be less than it should be;
- a request for a revision to the Capital Programme to reflect slippage of £10m of schemes into the 2013/14 Financial Year;
- a request for an increase in the Programme for schemes requiring no unsupported borrowing;
- the projected outturn figures for 2012-13, which suggested an under spend of £12m on the revised programme; and
- the current funding of the Programme and its future affordability, which was subject to a review.

Appendix 1 to the report detailed Capital Freeze Projects considered during October 2012.

Councillor Phil Davies welcomed the work being undertaken to ensure a more robust Capital Programme. He also welcomed:

- (a) the schemes that had been supported;**
- (b) the Capital Steering Group that had been established; and**
- (c) the work to maximise capital receipts.**

Items involving capital and revenue would continue to be scrutinised when they were put forward.

RESOLVED: That

(1) the Cabinet:

- (a) agrees the revised Capital Programme of £65.609m;**
- (b) agrees slippage in the programme of £10.025m from 2012/13 to 2013/14;**
- (c) agrees an increase to the programme of £0.855m for Regeneration, Housing and Planning schemes which do not require financing from unsupported borrowing and in respect of use of a Children and Young People Aiming High for Disabled Children grant of £0.3057m;**
- (d) notes the spend to date at month 6 of £14.3m, which represents 21.8% of the revised capital budget, with 50% of the financial year having elapsed;**
- (e) notes the work of the Capital Steering Group to detail the schedule of sites to validate the estimate of capital receipts; and**
- (f) notes that a future report will include proposals to cease or reduce schemes arising from a review of the current capital programme.**

(2) the Cabinet also agrees the rejected freeze items set out in Appendix 1 in the columns 'rejected' totalling £899,610 as evidenced in paragraph 2.15 of the report.

122 REVENUE MONITORING 2012/13 MONTH 6 (SEPTEMBER 2012)

A report by the Interim Director of Finance continued the new format and set out the revenue position for 2012/13 as at Month 6 (September 2012). The report identified the latest financial projections and prioritised the risks for ongoing management actions, to ensure the year-end position would result in spend remaining within the budget allocated.

Attached to the report were the following Appendices for the Cabinet's consideration:

- Appendix 1 Revenue Monitoring and Reporting Timetable 2012/13.
- Appendix 2 General Fund Revenue Budget for 2012/13 agreed by the 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 Freeze outcomes, weeks 3 – 6.

Councillor Phil Davies considered that the approach that had been adopted was positive and noted that the General Fund overspend was now down to £13.2m which was down £2.1m on the M5 projection of a £15.3m overspend. In a number of areas there were sizable overspends and this was partly due to increased demand.

Councillor Phil Davies welcomed the improvements made in relation to the budget setting process to ensure savings were delivered. He was of the view that the Council was continuing to move in the right direction but was keeping the pressure on to stop overspending and to obtain value for money

RESOLVED: That

(1) the Cabinet notes that

- (a) at Month 6 (September 2012), the full year forecast projected a potential General Fund overspend is £13.2m; and**
- (b) a review of over/under spends and Earmarked Reserves has been undertaken and will be reported to a future Cabinet meeting;**

(2) the Cabinet agrees the rejected freeze items, set out at Appendix 7 to the report, in the columns 'Rejected', totalling £1,292,229, as evidenced at paragraph 2.20 of the report.

125 EFFICIENCY INVESTMENT FUND (EIF)

A report by the Interim Director of Finance proposed a change in the operation of the Efficiency Investment Fund (EIF), which consequently, would lead to budget savings in 2012-13 and future years.

The proposed improvements sought to respond to the problems with the current regime. The Cabinet noted the following points:

- The first proposal was to remove the base budget item which would result in a saving of up to £2.2m in 2012-13 and £4.4m in 2013-14. This would remove £6 million of growth from the £103 million gap.
- From the Earmarked Reserves, a fund would be created that would be a rolling resource, with savings paying off the 'borrowing'.
- The EIF proposals should be part of the annual budget process that was agreed by Council in March 2013. In this way, there would be clear prioritisation for limited resources. Equally, departments would have to ensure there was a payback to the fund, ensuring they took responsibility for the proposal.
- The criteria would include a short payback period, a maximum of three years and a 10% return. Partners in the investment world could assist the process.
- The elimination of the base budget item would remove the possibility of collateral damage to EIFs, from a saving being required, without a replacement scheme to deliver efficiencies.

Appended to the report were three appendices setting out:

- Efficiency Investment Fund Scheme criteria
- Problems
- Terms of Reference.

RESOLVED:

That the Cabinet agrees:

- (1) to the terms of reference set out in Appendix 3 to the report;**
- (2) the release of the £2.2m unused 2012-13 fund to general reserves;**
- (3) the elimination of the fund from the base budget from 2013-14 (£2.4m base), with a concomitant reduction in the growth target for 2013-14 (£2m) and later years (£4m) totalling £6m over the three years; and**
- (4) to receiving a report to its meeting on 29 November 2012 on the creation of a 'rolling fund', in the context of the risk level of Balances and the release of 'spare funds' from Earmarked Reserves.**

C. Cabinet – 29 November 2012

135. LEVEL OF GENERAL FUND BALANCES

A report by the Interim Director of Finance specified the level of General Fund balances the Council maintained. It also set out the approach that had been used to determine this level and suggested an approach to replenish the Council's General Fund balances.

A risk assessment had been drawn up of the cost and demand pressures on budgets, insurance liabilities, the achievement of budget savings, and other financial uncertainties which supported the proposed level of balances of approximately £12.5 million for 2012/13. This assessment was set out in Appendix 1 to the report and Appendix 2 contained earmarked reserves to be released.

The Council had, and was facing, funding reductions at a time when the demand for its services, due to population changes and the economy, was increasing. The current projected revenue forecast for the year, at Month 6 (to end September 2012), showed a potential General Fund overspend of £13.2 million.

Councillor Phil Davies informed the Cabinet that it was prudent to ensure that there were balances available to deal with the risks identified.

RESOLVED: That

- (1) the Cabinet agrees:**
 - (a) the level of General Fund balances recommended is based on a locally determined approach to the assessment of the financial risks the Council may face in the future;**
 - (b) the Council maintains its level of balances at or above the locally determined level of General Fund balances;**

- (c) the transfer of £10.5 million of earmarked reserves to the General Fund balances; and
 - (d) the transfer of £2 million of earmarked reserves to enable the creation of an Efficiency Investment Rolling Fund.
- (2) the Cabinet notes that, due to the potential £13.2 million in year overspend faced by this Council, caused in the main by unprecedented cuts in grant from the Coalition Government, all non essential spending has been frozen;
- (3) the Cabinet has already released £220,000 of funding for local road safety initiatives following a successful bid to the Local Sustainable Transport Fund;
- (4) in spite of continuing budget pressures, given clear local need, the Cabinet agrees to the immediate release of £330,000 for Area Forums (£30,000 per Forum) for the support of local Community and Voluntary Group projects;
- (5) given the urgency of allocating this resource, the Cabinet instructs Officers to meet with Local Ward Members to consider bids that have been submitted, and make recommendations on how this funding should be allocated. Whilst these recommendations are a matter for Ward Members, the Cabinet urges Members to consider prioritising bids that seek to assist the most vulnerable and to support community groups who are most in need; and
- (6) the Cabinet also notes that the Chief Executive is currently consulting with residents and staff regarding the future of Area Forum funding and requests that funding for future years be considered in the light of the consultation findings.

136. CAPITAL PROGRAMME REVIEW

A report by the Interim Director of Finance proposed that a number of schemes within the Council Capital Programme be reduced or removed following a review of the Programme and, in particular, those schemes planned to be funded from unsupported borrowing. The reduction in borrowing requirements would deliver savings in 2013/14 and subsequent years.

The Cabinet was informed that, as part of the revised Capital Monitoring arrangements, the regular monthly report had identified the significant slippage that had occurred, and continued to occur, in the delivery of the agreed Programme. The Period 6 report (September 2012) presented to the Cabinet on 8 November 2012 included reference to a future report on proposals to cease or reduce schemes arising from a review of the current Capital Programme (Minute No. 212 refers). The Appendix to the report detailed the proposed reductions in the Capital Programme

2012/15 which had been proposed by Chief Officers and considered by Officer Groups (Executive Team, Budget and Capital Steering Groups).

RESOLVED:

That, it be recommended to the Council that, the Capital Programme be amended to reflect the changes detailed in Section 2 of the report, and summarised below and this be incorporated within the Period 8 (November 2012) Capital Monitoring Report:

Reduction in the Capital Programme and Reductions in Funding

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Programme Reduction	11,475	14,015	5,265	30,755
Funding				
Unsupported Financing	8,230	11,100	3,800	23,130
Invest-To-Save	2,275	400	0	2,675
Grant	970	2,515	1,465	4,950
Funding Reductions	11,475	14,015	5,265	30,755