

WIRRAL COUNCIL

CABINET

20 DECEMBER 2012

SUBJECT	REVENUE MONITORING 2012/13 MONTH 7 (OCTOBER 2012)
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1 EXECUTIVE SUMMARY

- 1.1 This report sets out the revenue position for 2012/13 as at Month 7 (October 2012). It identifies the latest financial projections and prioritises the risks for ongoing management actions, to ensure the year-end position will deliver the budget allocated. A major risk has just emerged concerning the reliability of fees & charges income, going back many years. There is further comment at paragraph 2.14.

2 BACKGROUND

- 2.1 Cabinet on 6 September 2012, when considering the Month 3 monitor, instituted a spending freeze, in the light of a significant projected overspend. Items within the freeze agreed by 18 October and 8 November Cabinets are included within the monitoring figures below. The outcome of weeks seven to ten are reported within this report as per Appendix 7.

OVERALL POSITION AT MONTH 7 (OCTOBER 2012)

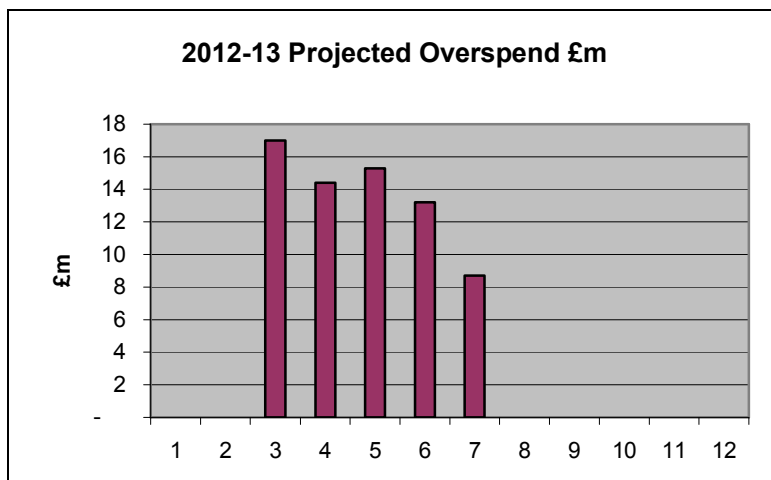
- 2.2 The projected revenue forecast for the year, at Month 7 (to end October 2012), shows a potential General Fund **overspend of £8.7m**, down £4.5m on the M6 projection of a £13.2m overspend. This significant improvement to the size of the projected overspend is largely due to spending freeze decisions to remove policy options relating to Empty Shops and Green Economy projects from the 2012/13 budget and the decision to take out the Efficiency Fund standing budget.

In order to set a firm foundation for future years it is important to understand the reasons for the in year budget problem. The current overspend is caused by eight factors:

- Rapid cuts in Government Grant not matched by commensurate cuts in the Revenue budget. One such example is a significant reduction in the Early Intervention Grant, which did not result in a reduction in services or staff.
- Income targets that had not been achieved have been increased each year to present a balanced budget. This amounts to around £4 million of income each year that cannot be collected. One long standing example is that of building control fees that have an income target that is £500, 000 above what has ever been achieved.

- Department budgets have been ‘top sliced’ often without the prior agreement of Chief Officers in order to present savings. Given that there has been no central strategy for meeting these budget reductions they have frequently not been achieved. Procurement savings have historically been allocated in this manner.
- Unfunded additional demographic demand. This amounts to £13.8million, made up of £8.7million relating to Adults, and £4.9 million in CYPD. This growth is beyond the Council’s control and should properly be accounted for in future budget projections.
- Policy changes not being made that would enable Chief Officers to allocated resources effectively. For example, recommendations from Officers to address a budget shortfall in the transport budget of £1.3 million were not accepted and no commensurate increase in the budget was allowed.
- Chief Officers not achieving projected savings that have already been removed from Departmental budgets.
- Departmental budgets have not been accurate for the reasons outlined above. Instead the Council has adjusted notional funding at the end of each financial year to present a balanced ‘bottom line’. As a result the culture of officer budget responsibility was weakened as Officers could not be held properly to account to deliver the undeliverable. Equally, the statutory provisions of S25 of the Local Government Act 2003, that require that estimates are robust, appear not to have been met;

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



2.3 In August, Cabinet instructed the Chief Executive and the Interim Director of Finance to instigate an emergency response, in the form of a spending freeze and review of all major areas of spend. This has reduced the level of overspend, however, the situation remains critical given a number of anticipated adverse changes which will increase the projected overspend in coming months. These include the outcome of the social services care home fees consultation and issues relating to debt recovery detailed later in this report.

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, expenditure freeze decisions 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 1-6	Freeze Decisions Weeks 1-6	Approved Budget Virements Month 7	Revised Net Budget
	£000	£000		£000	£000
Adult Social Services	66,660	-66	-85	-259	66,250
Children & Young People	73,665	-	-172	-195	73,298
Finance	24,610	93	-493	-2,482	21,728
Law, HR & Asset Management	13,901	274	-54	787	14,908
Regeneration, Hsg & Planning	25,764	103	-962	0	24,905
Technical Services	59,478	273	-526	-58	59,167
Freeze Savings	-	-	2,292	-	2,292
Efficiency Fund	0	0	0	2,207	2,207
Net Cost of Services	264,078	677	0	-0	264,755

Note 1: the Month 7 virements reflect movement of posts and training budgets between departments relating to the centralisation of Human Resources and Organisational Development and the abolition of the Efficiency Fund held within the Finance Department, which will be added to general fund balances.

Note 2: also added to the general fund balances are the £10.5m Earmarked Reserves, released as a consequence of report 6 of the November 29 Cabinet.

- 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 (Month 6 in brackets)

Department	Number of Budget Areas	Red	Amber	Green	Blue	Yellow
Adults	4	2 (2)	0 (0)	1 (1)	0 (0)	1 (1)
Children & YP	7	3 (3)	0 (1)	1 (1)	1 (0)	2 (2)
Finance	6	0 (0)	0 (0)	3 (4)	1 (0)	2 (2)
Law, HR & AM	7	2 (2)	0 (1)	3 (3)	1 (0)	1 (1)
Reg, Hsg & Plan	5	0 (1)	0 (0)	4 (3)	0 (0)	1 (1)
Technical Servs	7	2 (2)	0 (0)	5 (5)	0 (0)	0 (0)
TOTAL	36	9 (10)	0 (2)	17 (17)	3 (0)	7 (7)

- 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 £8.7m across the six Directorates for 2012/13, as set out in the table below, which records four departments on red and two on yellow (unchanged from M6).

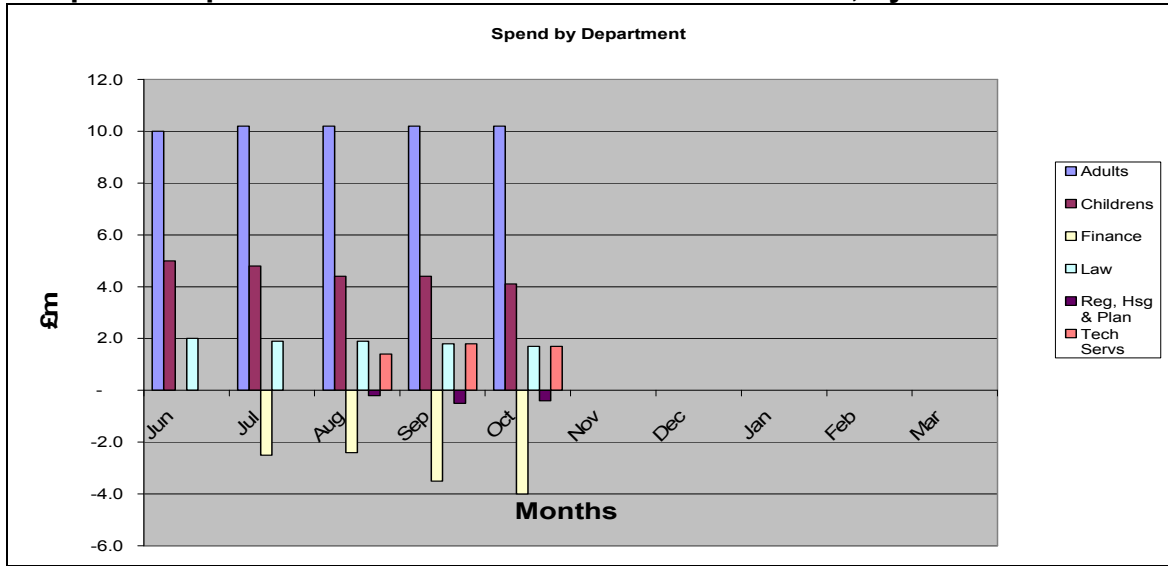
Table 3: 2012/13 Projected General Fund Budget variations by Department

Department	Revised Budget	Forecast Outturn	(Under) Overspend Month 7	RAGBY Classification	Month 6 (Under)/Overspend	Change
	£000	£000	£000		£000	£000
Adults	66,250	76,411	10,200	R	10,200	-
Children & YP	73,298	77,397	4,100	R	4,400	-300
Finance	21,728	17,675	-4,000	Y	-3,500	-500
Law,HR & AM	14,908	16,647	1,700	R	1,800	-100
Reg, Hsg & Plan	24,905	24,413	-500	Y	-500	-
Technical Servs	59,167	60,881	1,700	R	1,800	-100
Freeze wks 1-2	2,292	-	-2,300	n/a	-1000	-1,300
Efficiency Fund	2,207	-	-2,200	n/a	-	-2,200
TOTAL	264,755	273,424	8,700		13,200	-4,500

- 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 M6.
- **Children and Young People** there is a potential overspend of £4.1m, down £0.3m on M6.
- **Law, HR and Asset Management** there is a potential overspend of £1.7m, down £0.1m on M6.
- **Finance** is projecting a £4m underspend, an improvement of £0.5 million from M6. Cabinet 8 November approved the removal of the Efficiency Fund base budget which was a corporate budget held within Finance. This has been shown within a separate line.
- **Regeneration, Housing and Planning** are forecasting a £0.5m underspend which is unchanged from M6.
- **Technical Services** are forecasting a £1.7m overspend an improvement of £0.1m on M6.

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 largest area of variance remains and supplies & services which incorporates the cost of care for adults and childrens.

Table 4: Projected Departmental Variations by Spend and Income

	Reported Budget	Virements Month 6	Revised Budget	Forecast Outturn	Variance	RAG BY	Change from Month 6
	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure							
Employees	141,962	-36	141,926	143,326	1,400	R	-700
Premises	21,970	-1,493	20,477	20,877	400	R	-500
Transport	7,248	-61	7,187	8,497	1,310	R	-190
Supplies and Services	112,780	775	113,555	125,919	12,364	R	1,364
Third Party Payments	73,227	-246	72,981	72,981		G	
Transfer Payments	170,373	437	170,810	170,757	-53	Y	-53
Support Services	80,291	1,030	81,321	79,147	-2,174	Y	-2,174
Financing Costs	71,401	-25	71,376	69,840	-1,536	Y	-136
Schools Expenditure	442,596	-	442,596	441,196	-1,400	Y	-
Total Expenditure	1,121,848	381	1,122,229	1,132,540	10,311		-2,389
Gross Income							
Schools Income	439,851	-	439,851	438,451	1,400	R	-
Government Grants	211,766	970	212,736	214,886	-2,150	Y	
Other Grants and Reimbursements	17,810	-41	17,769	20,419	-2,650	Y	-2,250
Customer / Client Receipts	45,838	79	45,917	43,117	2,800	R	1,160
Interest	1,005	-	1,005	1,198	-193	G	-93
Recharge Other Rev A/c	140,823	-627	140,196	140,996	-800	Y	-910
Total Income	857,093	381	857,474	859,067	-1,593		-2,093
Net Expenditure	264,755	-	264,755	273,473	8,718		-4,482

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

- 2.10 A number of virements have been made in the month. Exercises to realign budgets have taken place within a number of departments with a review of the treatment and classification of recharges leading to movement in budgets between premises and support service categories.

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 (unchanged from month 6); Personnel Assessment and Planning; and Personal Support. A forecast overspend of £10.2 million remains forecast for the department. The issues involve underlying pressures in Community Care, shortfall in 2011/12 re-provision 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 (unchanged from month 6) with a £4.1 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. The Children's Services overspend has remained static in the month. A reduction of £200,000 regarding youth offending has been offset by increased agency and fostering costs. Transport is provided by the department on behalf of all departments and the projected overspend has reduced by £0.1 million to £1.1m reflecting the result of the contract review and streamlining of routing. 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 remain flagged red (as per month 6) with a forecast overspend of £1.7m. The red areas are Asset Management and Human Resources. Both of these areas continue to report 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: Strategic Development which was previously flagged as red due to shortfalls on income within Planning and Building Control has moved to green due to additional savings having been identified.

Technical Services: Two areas are flagged as red (unchanged on month 6). These are Parks and Open Spaces where income from golf and from cemeteries and crematoria is projected to be significantly underachieved and Engineers where shortfalls in car parking income and income relating to inspection and alteration of highways is significantly below target.

Schools: The authority remains in discussion with the Department for Education regarding the possible loss of £1.4 million of grant for schools. Table 4 reflects a potential loss of grant with a corresponding reduction in schools expenditure.

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 against the Community Care budget area.

Children and Young People: Two areas remain flagged as yellow, LEA School Costs and Non-School Costs. LEA School Costs reflect the receipt of additional refund of deducted grant and fees in respect of Academies plus general expenditure savings. The non school variance is due to savings relating to Connexions expenditure and receipt of a 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 £1.5m. Benefits and Revenue Services are forecast to provide a further £1m of savings from additional grant receipts and £0.5 million relating to staffing savings through vacancy control.

Law, Human Resources and Asset Management: One new area Regulatory Services is flagged up as yellow for month 7. The variation is due to higher than anticipated income for Community Patrol services and the Fair Trading scheme combined with an underspend within Environmental Health transport costs.

Regeneration, Housing and Planning: Housing and Regeneration Services are forecasted at yellow due to variances on Staff savings from recharges to projects 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 remains 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. The freeze decision regarding local pay and savings within Finance Department have helped to reduce the level of projected overspend within this area.

Premises. This relates to the delivery of savings under the rationalisation of office accommodation which is not progressing in accordance with the expected timetable. A number of freeze decisions and restrictions on highways spending have helped to reduce the projected overspend.

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, although there has been a reduction in the forecast overspend this month. There is also a projected overspend of £0.3m on the social workers car allowances budget.

Supplies and Services. The variation is mainly comprised of pressures within Adult Social Services and Children & Young People relating to care service costs. There is an increase in this month's forecast which is partly due to the disaggregation of expenditure funded from health grants which have led to a corresponding increase within the other grant income line.

Schools Income: Discussion has taken place with the Department for Education regarding potential loss of schools grant. Any shortfall will be met by a corresponding decrease in schools expenditure.

Customer and Client Receipts. This mainly reflects likely income shortfalls within a number of departments. Areas forecasting to underachieve budget include, car parking, Cultural Services, cemeteries and crematorium fees, highways inspection and alteration fees, building control and planning and social services fees.

As a result of the challenge process, a major risk has been brought to the attention of the Chief Executive and Interim Director of Finance concerning the reliability of fees and charges income, going back many years. It is clear from a system review of Social Services debt collection, that the process to enforce the payment of amounts owing is deficient. The process only consists of the production of reminder letters, with no recourse to the courts and enforcement to ensure payment. Officers have urgently put in place a system to ensure ongoing income is recovered, by implementing agreed policy, and to establish the exact size of the unrecoverable debt. A special team has been assembled to undertake this work over a 2 week period.

2.15 Subjective Area Yellows

Government Grants. The Authority is forecasting an increased level of Housing and Council Tax Benefit grant receipts and Troubled Family Grant.

Other Grants and Reimbursements: This includes additional monies received including in respect of Academy funding plus monies from health which are partly funding the increased community care costs within the supplies and services line.

Recharge to other revenue Accounts: This variance is mainly due to the receipt of supporting people monies within DASS which is being used to fund care costs within supplies and services.

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 and agreed decisions are reflected within the tables above.
- 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. An exercise has been 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,
- a parallel review of Earmarked Reserves has been undertaken together with a review of the requirements of the 2012/13 policy options. Cabinet 8 November also agreed to remove the Efficiency Fund base budget and replace with a self replenishing fund initially funded from reserves.
- 2.18 A series of actions is being undertaken to produce a further reduction in the overspend in coming months. Future monitors will also include additional savings from the HR freeze process.

FREEZE PROCESS AND OUTCOMES

- 2.19 The Freeze process was agreed on September 6 and developed further as reported in the month 5 monitor. Adjustments of £2,291,867 have been incorporated into the current monitoring forecast representing decisions made by Cabinet on 18 October and 8 November.
- 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. No items have been recommended under the revenue freeze process this month
- 2.21 An analysis by department of the freeze items so far agreed is detailed in the following table.

Table 5: Freeze savings analysed by department

Description	DASS	CYP	Finance	LAWHRAM	RHP	Tech Serv	Total
	£	£	£	£	£	£	£
Weeks1-7	85,038	171,871	492,900	54,158	961,586	526,314	2,291,867

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 behaviours 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. Cabinet on 18 October 2012 also considered a report on fees for residential and nursing home care. A consultation is currently taking place on three options which could result in a nil increase (which would risk a legal challenge) or increased costs of £757,473 or £1,401,942 over a full financial year.
- 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 5. Those yet to be delivered are reflected in the forecast overspends of the Departments.
- There are a number of significant issues regarding outstanding debt owed to the Council which may result in increased costs if these costs are deemed to be irrecoverable.

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 November 29 Cabinet revised the policy level so that it is set in relation to the risks the Council faces. For 2012/13 it has been calculated at £12.5m, and for 2013/14 at £21.1m. However there are a number of areas which could result in adverse future pressures on the budget and the General Fund Balance, in particular the emerging concern as to the reliability of fees & charges income, going back many years.

Table 6: 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	
Cabinet decision November 29 th to further release Earmarked Reserves	+10.5	+16.8
Less : Potential overspends, at M7 (includes Efficiency Fund removal)		-8.7
Projected balance 31 March 2013		22.8

- 7.2 The current levels of Earmarked Reserves are shown in Table 7 with a full listing included at Appendix 6.

Table 7: Earmarked Reserves 2012/13

	Balance at 1 April 2012 £000s	Movement in year £000s	Current Balance 31 Oct 2012 £000s
Housing Benefit Reserve	11,155	(2,000)	9,155
Insurance Fund	9,635	(529)	9,106
Working Neighbourhoods Fund	7,959	(7,073)	886
Debt Restructuring Fund	7,941	-	7,941
Grant Reserves	1,884	(300)	1,584
Management of other risks	32,530	(9,558)	22,972
School Balances and Schools Related	15,144	(280)	14,864
Total Reserves	86,248	(19,740)	66,508

Note: Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund), and on 29 November 2012 agreed to release various additional reserves, totalling £12.505m.

8 LEGAL IMPLICATIONS

- 8.1 The whole report concerns the duty of the Council to avoid a budget shortfall as outlined at paragraph 2.20. This not just an academic exercise in balancing the books. The chief finance officer of is under a personal duty under Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

- 8.2 If the chief finance officer reports that there are insufficient resources to meet expenditure, the Council is prevented from entering into any new agreement which may involve the incurring of expenditure at any time by the authority, until the report is considered, and if the problem is ongoing until it is resolved. It is remarkably broad in its prohibition of new agreements, no matter what their scale. It would not only prevent the authority from hiring new staff or letting new construction contracts, but from ordering minor office supplies.

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 7 (October 2012), the full year forecast projects a potential General Fund overspend of £8.7m;
- b) A review of over/underspends and Earmarked Reserves has been undertaken, reported to the November 29th Cabinet and incorporated into this report;

- 12.2 The Cabinet is asked to note

- a) that there were no rejected freeze items in the month. Appendix 7 lists the items considered as part of the process.
- b) A major risk has just recently emerged concerning the reliability of fees & charges income, going back many years. Corrective action is being taken to maximise recovery. As better information becomes available, there will be further reports regarding this serious matter.

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 Freeze outcomes, weeks 7 - 10

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

Department	Current Budget
Expenditure	£000
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)
Budget Requirement	287,481
Income	
Government Grant	144,737
C/Tax Freeze Grant	6,573
Local Services Grant	1,805
Council Tax	132,911
Collection Fund	1,455
Total Income	287,481
Statement of Balances	
As at 1 April	18,405
Contributions from Balances	(9,605)
Balances	8,800

**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
	OVERALL IMPACT OF THESE DECISIONS	-5.9

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
	OVERALL IMPACT OF THESE DECISIONS	0.7

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
n/a	Movement of posts between departments relating to Building Control, Welfare Rights and Community Services personnel. The housing benefit review increase claims (transfer payments) and associated grant of £7.3 million, the reclassification of DASS transport recharge from transport to support services and adjustments for financing costs and grant receivable relating to regeneration schemes.	

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	tbc
DASS	Review of all voluntary sector contracts	tbc
DASS	Overarching commissioning strategy developed	tbc
All	Spending freeze weeks 1-2	1,000
	Total savings from these actions	2,000

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

Department	16,441	Comments / progress on implementation	RA GB Y	4,732	1,519	10,190
	100%			28.8	9.2	62.0
DASS				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
CHILDREN & YOUNG PEOPLE						
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
FINANCE						
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
LAW,HR,ASSET MGT						
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
REG,HSG & PLANNING						
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
TECHNICAL SERVICES						
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

Earmarked Reserves	Balance 1 April 2012 £000	Movement In Year	Current Balance 31 Oct 12 £000
Schools Balances	11,767	-	11,767
Housing Benefit	11,155	(2,000)	9,155
Insurance Fund	9,635	(529)	9,106
Working Neighbourhood Fund	7,959	(7,073)	886
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	(400)	1,105
Cosyhomes Insulation	1,244	(800)	444
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	(500)	50
Home Adaptations	537	-	537
West Wirral Schemes	530	(300)	230
Merseyside Information Service	500	(500)	-
ERDF Match Funding	500	-	500
Strategic Asset Review	495	-	495
Planned Preventative Maintenance	483	-	483
Heritage Fund	420	(300)	120
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>(2,100)</u>	<u>6,828</u>
	86,248	(19,740)	66,508

Note : Cabinet on 6 September 2012 agreed to release £7m of an Earmarked Reserve (Working Neighbourhood Fund), and on 29 November 2012 agreed to release various additional reserves, totalling £12.505m.

Appendix 7

Revenue Freeze Executive Team November 1 2012 - Decisions

Revenue Freeze Executive Team November 1 2012 - Decisions						Week 7	
Dept	Ref	Project Title	Requested	Agreed	Suspend	Rejected	Reason for Recommendation
			£	£	£	£	
RHP	93	Joint Waste Local for M'side & Halton	6,500	6,500			Publication of statutory notices
DASS	94	Safeguarding Think Family Theatre Training	5,760	5,760			Training in safeguarding and Think Family Agenda for the wider social care network
CYP	95	Accredited Arts Activities	8,845	8,845			Early Intervention Grant funded project for 300 young people with a high level of additional needs.
CYP	96	KIDSTIME	1,499	1,499			Family based mental health project; 8 families already referred.
CYP	97	Universal Youth Support Service	1,880	1,880			Production of 35 procedure manuals on compliance & performance in Youth service to back up a wider distribution of a CD Rom
FIN	98	Finance, Benefits - Personal Finance Unit - gross cost £11k less grant of £8k, to provide wheelchair access for member of staff.	3,011	3,011			Access to Work scheme,
			<u>27,495</u>	<u>27,495</u>	<u>0</u>	<u>0</u>	
V Oct		Percent					
30			<u>100.0</u>	<u>100.0</u>	<u>0.0</u>	<u>0.0</u>	

Revenue Freeze Executive Team November 8 2012 - Decisions

Week 8

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommendation
DASS	99	Café - completion of heating works so that opening can proceed.	432	432			Health & Safety - higher rated circuit breaker required.
DASS	100	SWIFT client database system consultancy to provide a web based interface, to aid end users	4,860		4,860		Proposal has not been endorsed by IT and the 'significant staffing savings' have not been evidenced
RHP	101	Business Stats - Wirral Investment Strategy - licence for access to BRES survey data	60	60			So that monitoring of business sector is possible, which will inform the Investment Strategy.
CYP	102	Childcare Workforce Development - training courses for newly registering childminders	24,164	24,164			Statutory provision under the Early Years Foundation Stage.
			<u>29,516</u>	<u>24,656</u>	<u>4,860</u>	<u>0</u>	
V Nov		Percent					
6			<u>100.0</u>	<u>83.5</u>	<u>16.5</u>	<u>0.0</u>	

Revenue Freeze Executive Team November 22 2012 - Decisions

Week 10

Dept	Ref	Project Title	Requested £	Agreed £	Suspend £	Rejected £	Reason for Recommendation
RHP	103	Domestic Violence Homelessness Prevention Officer	9,332	9,332			A full time dedicated Domestic Violence/ Homelessness Officer required due to existing capacity diverted to dealing with increased statutory homeless. Funded from £247k reserve of SP & Homelessness Grant
CYP	104	Funding for Sandwich lunches for Children's Services	330	330			Provision of lunch for external partners
CYP	105	Transport	1,847	1,847			Repair of vehicle to increase sale value from £1,800 to £10,000; self funding
FIN	106	Customer Service Excellence - Annual Review	2,100	2,100			CSE, previously Charter Mark, is an accreditation that offers considerable comfort
FIN	107	Libraries	12,326	12,326			Software system subscription costs that are critical to delivering the Library service.
RHP	108	Community Infrastructure Levy & Local Development	12,500	12,500			Assessment study costs for Community Infrastructure Levy, and Local Development Framework; failure to implement will open the Council to legal challenge.
LHR	109	Committee Room Projector Replacement	828	828			Replacement of ceiling mounted projector in Ctt Rm 1
			<hr/>	<hr/>	<hr/>	<hr/>	
			39,263	39,263	0	0	
V Nov 22		Percent	<hr/>	<hr/>	<hr/>	<hr/>	
			100.0	100.0	0.0	0.0	

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: 28 November 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 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 for publishing)

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

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 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 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 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 via your Chief Officer?**
- d) **Review section 5 once consultation has taken place and sent your completed EIA to equalitywatch@wirral.gov.uk via your Chief Officer for re-publishing?**