

# WIRRAL COUNCIL

## CABINET

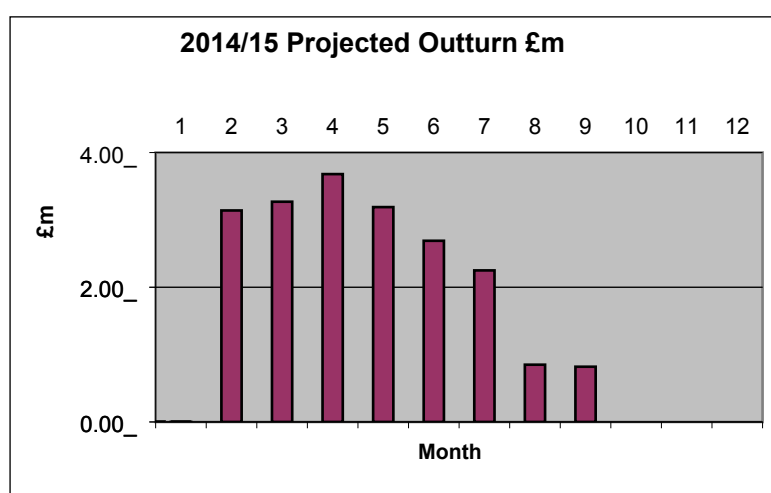
10 FEBRUARY 2015

|                                     |   |
|-------------------------------------|---|
| <b>SUBJECT</b>                      | <b>REVENUE MONITORING 2014/15<br/>MONTH 9 (DECEMBER 2014)</b> |
| <b>WARD/S AFFECTED</b>              | <b>ALL</b>  |
| <b>REPORT OF</b>                    | <b>ACTING SECTION 151 OFFICER</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 sets out the revenue position for 2014/15, which at Month 9 (December 2014) shows a projected General Fund overspend of £0.82 million (0.3% of the net revenue budget). This is a small improvement on the £0.85 million projected overspend reported at Month 8 as shown in Graph 1.
- 1.2 The Adult Social Services projected overspend has increased in the month by £52,000 to £2.77 million. The overspend is mainly due to slippage or non-delivery of in year savings and continued demand pressures. The forecast overspend within Children's Services has reduced further with a forecast overspend now of £196,000 (down from the Month 8 projection of £330,000). The overspend largely relates to the non-achievement of in year transport savings as well as costs of external placements. The Families and Wellbeing Directorate has implemented a number of management actions to help compensate and/or limit any adverse variances.

**Graph 1: Wirral Council – 2014/15 General Fund Variance, by month**



### 2 CHANGES TO THE AGREED BUDGET

- 2.1 The 2014/15 Budget was agreed by Council on 25 February 2014 and is

detailed in Annex 2; any increase in the Budget has to be agreed by full Council. Any changes to the budget occurring since it was set will be summarised in the table below.

**Table 1: 2014/15 Original & Revised Net Budget by Directorate £000's**

|   | Original Net Budget | Approved Budget Changes Prior Mths | Approved Budget Changes Month 9 | Revised Net Budget |
|---|---------------------|------------------------------------|---------------------------------|--------------------|
| Chief Executive                             | 10,035              | -39                                | -1380                           | 8,616              |
| FWB - Adult Social Services                 | 74,667              | -55                                | -282                            | 74,330             |
| FWB – Children & YP, Schools & Safeguarding | 82,877              | -87                                | -3015                           | 79,775             |
| FWB - Sport & Recreation                    | 8,502               | -                                  | -66                             | 8,436              |
| Regeneration & Environment                  | 95,190              | -622                               | 3400                            | 97,968             |
| Transformation & Resources                  | 20,199              | -467                               | 246                             | 19,978             |
| Corporate Growth & Savings                  | -15,813             | 1,270                              | 1097                            | -13,446            |
| <b>Net Cost of Services</b>                 | <b>275,657</b>      | <b>0</b>                           | <b>0</b>                        | <b>275,657</b>     |

## 2.2 Budget changes made in month 9 relate to three areas

- Allocation from corporate to directorates of funding for lump sum payments made in December in respect of pay award.
- Revised depreciation charges in respect of revalued assets.
- Adjustments to reflect achievement of in-year remodelling savings by Directorates against the Corporate target.

## 3 PROJECTIONS AND KEY ISSUES

### 3.1 The outturn position projected as at the end of Month 9, key issues emerging and Directorate updates are detailed below.

**Table 2: 2014/15 Projected Budget variations by Directorate £000's**

| Directorates                                | Revised Budget | Forecast Outturn | (Under)           | RAGBY Classification | Change from prev |
|---|----------------|------------------|-------------------|----------------------|------------------|
|   |                |                  | Overspend Month 9 |                      |                  |
| Chief Executive                             | 8,616          | 8,407            | -209              | B                    | 7                |
| FWB - Adult Social Services                 | 74,330         | 77,099           | 2,769             | R                    | 52               |
| FWB – Children & YP, Schools & Safeguarding | 79,775         | 79,972           | 197               | A                    | -133             |
| FWB - Sport & Recreation                    | 8,436          | 8,651            | 215               | A                    | 78               |
| Regeneration & Environment                  | 97,968         | 96,493           | -1,475            | Y                    | -                |
| Transformation & Resources                  | 19,978         | 19,306           | -672              | Y                    | -33              |
| Corporate Growth & Savings                  | -13,446        | -13,446          | -                 | G                    | -                |
| <b>TOTAL</b>                                | <b>275,657</b> | <b>276,482</b>   | <b>825</b>        |                      | <b>-29</b>       |

The main report only comments on large variations (Red and Yellow items). The 'variations' analysis over 29 budget areas, distinguishes between overspends and underspends. The 'risk band' classification is:

- Extreme: Overspends - **Red** (over +£301k), Underspend **Yellow** (over - £301k).

- Acceptable: Amber (+£141k to +£300k), Green (range from +£140k to -£140k); Blue (-£141k to -£300k).

## 3.2 Directorate Updates

### Families and Wellbeing: Adults

- 3.2.1 A potential overspend of £2.77 million is forecast at Month 9. This is made up of £2.4 million slippage against current year savings and £0.4 million demand pressures. The level of management actions required to contain budget issues is £3.0 million. Following implementation of the new care management system, financial data has been transferred and an in year reconciliation between old and new systems undertaken which will provide information to monitor future progress.
- 3.2.2 Day Services are likely to only achieve in year £370,000 of the £750,000 2014/15 saving, due to part year impact of implementation, with the balance slipping into 2015/16. The full saving will be made from 1 April 2015 when the new service commences.
- 3.2.3 Targeting support through NHS contracts and targeting Council resources are large 2014/15 savings options. The review of current cases remains challenging, however revised processes and tightened procedures are now in place for all new packages and current packages are being picked up through the review process.
- 3.2.4 Demand for Adult Social Care continues to increase and the mix of services provided to individuals continues to vary as a consequence. These changes together with the outcome of case reviews impact on the forecasted spend across care areas. At this stage there remains a £400,000 projected overspend.
- 3.2.5 The review of Continuing Health Care Appeals has required liaison. Whilst a number of hurdles have now been cleared the NHS project includes a lengthy 10 stage process. This is taking longer than initially envisaged delaying the achievement of the £500,000 saving.
- 3.2.6 A number of the savings are linked to increased income, the main item being the income from the domiciliary care block contracts. The £250,000 target is viewed as achievable but the full target is unlikely to be reached until 2015/16.
- 3.2.7 Management actions include:-
- The assessment and review of cases is key and a Business Case is being prepared about the potential recruitment of additional temporary support in order to progress the reviews.
  - For the high cost placements an additional review is being undertaken by the Head of Service and Director.
  - A Transformation Group supported by colleagues from other Directorates monitors progress and has given greater focus to ensure

that scarce resources are targeted towards achieving the savings.

- Review of other Directorate budgets to ascertain if any efficiencies can be identified to mitigate against the projected overspend being forecast. This includes the use of the monies set-aside as a result of the early delivery of savings achieved in 2013/14.

### **Families and Wellbeing: Children's**

3.2.8 There has been an improvement to the position with the projected overspend reducing from £330,000 to £197,000 due to a number of spending controls put in place across the department. Pressures continue within the areas of Social Care, in particular the costs of agency staff and within the transport budget all of which are being closely managed.

3.2.9 As previously reported the savings attributed to changes in the Day Nursery provision have slipped. This will be compensated for from savings within the service and use of the early learning reserve.

3.2.10 A number of management actions are being taken with regards to controlling the overspend, these are -

- Restructures across the department are being implemented and are closely managed to minimise the impact on services and staff, whilst keeping slippage on savings targets as low as possible.
- There is a rolling programme of recruitment to Social Work positions. Agency costs and placements are reviewed on a monthly basis.
- Residential Care placements are by a multi-agency panel and no decision is made below head of service. Progress and packages of care are closely monitored by the Head of Service in monthly meetings to ensure that decisions are implemented and overall costs for children entering and leaving care are clearly understood.
- Budget progress is reported and reviewed monthly at DMT with opportunities to maximise grant and external funding are constantly reviewed.

3.2.11 **Sport & Recreation:** An adverse variance of £215,000 is currently forecast which is attributable to elements of the transformation programme taking longer to deliver than was originally anticipated.

### **3.3 Other Directorate Variances**

3.3.1 **Chief Executive's:** A potential underspend of £209,000 is currently forecast as a result of staffing vacancies and anticipated non-utilisation of the improvement fund for 2014/15.

3.3.2 **Regeneration and Environment:** This area has a forecast underspend of £1,475,000. This underspend is due to a number of variations with the largest being:

- £500,000 currently set aside for match funding future grant delivery

programmes will not be used in this financial year due to delays in finalising future ERDF & ESF grant programmes.

- £300,000 of savings made in advance plus efficiencies within the Supporting People contract area of Housing & Community Safety.
- £250,000 underspend on staffing costs in various areas including non-filling of posts ahead of implementation of new structures.
- £100,000 from areas increasing their income generation forecasts such as Environment Health from export certificates and Community Safety from community patrol work.

The Floral Pavilion budget position continues to be challenging although the Directorate forecast remains an underspend position.

**3.3.3 Transformation & Resources:** An underspend of £672,000 is currently forecast for the directorate. The main reason being a predicted reduction in revenue funding costs following the review and re-profiling of the 2014/15 Capital Programme, plus savings on directorate staffing and running costs within business processes.

**3.3.4** For libraries and One Stop Shops a saving of £466,000 was predicated upon revised opening hours, introducing lone working with support from volunteers and / or agile workers. These measures have yet to be introduced, but compensatory savings, primarily from vacant posts have been found in the year. Cabinet and Council in December agreed further proposals for future service provision and the undelivered savings will be implemented alongside these from March 2015.

**3.3.5 Corporate Wide Budgets:** A number of high value corporate-wide savings options, because of their size and complexity, are currently classed as red or amber. These include savings from Corporate Commissioning where mitigation has been identified. Given their strategic importance these projects are being very closely monitored and will be further reported upon during the year.

**3.3.6** The Remodelling saving for 2014/15 remains rated as amber. The £9.4 million savings remodelling target was scheduled to deliver over two years - £4.9 million in 2014/15 and £4.5 million in 2015/16. Work to review and remodel the organisation began in February 2014. As the project progressed, the scale of change in some service areas and the statutory consultation process required with all staff affected by remodelling of services became clearer. An implementation date of 1 January 2015 was anticipated which would have led to an in year short fall of £2.55 million, with in-year compensatory savings required. A phased approach has been adopted enabling staff queries raised throughout the consultation process to be fully responded to and this has placed additional pressure on the consultation timetable which is now due to complete in 2015. The latest forecast is that £1.9 million of savings will be delivered in year. The full year effect of these changes will deliver the £9.4 million in 2015/16.

**Table 3: Directorate Business Area Projected Budget variations**

|                   | Chief Exec | FWB | Rege & Environ | Trans & Res | Total |
|-------------------|------------|-----|----------------|-------------|-------|
| Red Overspend     | 0          | 3   | 0              | 0           | 3     |
| Yellow Underspend | 0          | 2   | 3              | 1           | 6     |

The full Table is set out at [Annex 3](#)

3.4 Directorate budgets are further sub-divided into a number of business areas.

Three business areas are currently flagged as red rated.

3.4.1 Delivery within Families and Wellbeing (Adult Social Services). This relates mainly to the delivery of some 2014/15 savings for which management actions are as outlined earlier in the report.

3.4.2 Integrated Transport Unit within Families and Wellbeing (Childrens). Overall against the £556,000 target for both the Childrens (£306,000) and Adults (£250,000) provision there is £90,000 shown as being achieved. There is £104,000 of travel grant monies brought forward that will help to offset the savings target leaving a potential shortfall of £362,000. The overspend is also attributable to the Depot savings target of £100,000 which has only been partially met by the relocation of the Reeds Lane Depot and the lease of the Salt Barn.

3.4.3 Specialist Services within Families and Wellbeing (Childrens). The main reasons for the projected overspend remains to be in relation to the cost of agency staff (currently 39 in Fieldwork) exceeding the established employee budget however there are contributions from reserves helping to reduce the impact. The forecast for Residential placements exceeds the available budget by £0.6 million with 43 in residential and 16 in semi-independent placements compared to 45 and 34 at the start of the financial year respectively. Fostering is £0.6 million over budget with 37 in non-local authority placements compared to 34 at the start of the year.

Six business areas are currently flagged as yellow rated.

3.4.4 Targeted Services within Families and Wellbeing (Children's). There are reduced budgetary pressures within Youth & Play and, although New Brighton Day Nursery has transferred, the remaining 5 nurseries are subject to ongoing discussions. The additional costs to the end of March have been offset by a reserve and vacancies.

3.4.5 Universal Services within Families and Wellbeing (Children's) - Vacant posts within Admin contribute largely towards the under spend together with a projected £150,000 under spend against the redundancy/severance budget relating to teachers.

- 3.4.6 Resources within Transformation & Resources. Increased Treasury Management savings have been generated from the re-profiling of expenditure following a capital programme review and the use of internal resources to temporarily fund spend. There is a resulting reduction in investment income but this is outweighed by a greater saving on borrowing costs with the net saving being approximately £410,000. There are also some underspends within salary budgets and running costs within business processes.
- 3.4.7 Housing & Community Safety within Regeneration and Environment. The proposed 2015/16 budget saving option for Supported Housing is £150,000 which will be generated from efficiency savings in contract negotiations. These efficiencies have already been negotiated and therefore are reflected in the 2014/15 forecast. There are also further savings (£150,000) from one off in-year variations in contract use. Other smaller savings are from the reduced requirement for repairs & maintenance of alley gates and from vacancies across the service area.
- 3.4.8 Environment & Regulation within Regeneration and Environment. There are currently a number of vacancies in the Parks & Countryside, Traffic and Transport (school crossing patrols) and Waste & Environment Service Areas. There are also budget savings on the wheelie bin replacement budget lines due to the innovative use of the spare parts of discarded bins being used to limit purchase of replacement bins. These underspends have now been offset by the Cabinet approval to postpone £85,000 of street lighting budget savings and the approval for the free after 3pm car parking initiative over the Christmas period.
- 3.4.9 Investment Strategy & Business Support within Regeneration and Environment. Employee costs within the Invest Wirral team are currently being subsidised by ERDF grants, as part of their delivery of the Council's grant funded Business Support programme. This is time limited funding but does enable this service area to declare an underspend of approximately £100,000 in 2014/15. There is also £100,000 of savings from employee costs due to delays in establishing the new Economic Development unit approved as part of the 2014/15 budget. Budgets of £500,000, currently set aside for match funding future grant delivery programmes, will not be used in this financial year due to delays in finalising future ERDF & ESF grant programmes.

## **4 IMPLEMENTATION OF SAVINGS**

- 4.1 The delivery of the agreed savings is key to the Council's financial health and is tracked at both Council and Directorate level. The assumption is that, where there is slippage, the Strategic Director will implement replacement savings.

**Table 4: Budget Implementation Plan 2014/15 whole Council (£000's)**

| BRAG                        | Number of Options | Nov 2014 | Change from prev mnth | Approved Budget Reduction | Amount Delivered at Dec | To be Delivered |
|-----------------------------|-------------------|----------|-----------------------|---------------------------|-------------------------|-----------------|
| B - delivered               | 49                | 47       | 2                     | 10,921                    | 10,921                  | 0               |
| G – on track                | 24                | 24       | 0                     | 5,130                     | 2,232                   | 2,848           |
| A - concerns                | 22                | 24       | -2                    | 13,119                    | 3,254                   | 9,204           |
| R - high risk/ not achieved | 9                 | 9        | 0                     | 7,089                     | 1,318                   | 1,128           |
| P – mitigation achieved     | 0                 | 0        | 0                     | 0                         | 5,354                   | 0               |
| <b>Total at M9 Dec 14</b>   | <b>104</b>        |          |                       | <b>36,259</b>             | <b>23,079</b>           | <b>13,180</b>   |
| <i>Total at M8 Nov 14</i>   | <i>104</i>        |          |                       | <i>36,259</i>             | <i>18,113</i>           | <i>18,146</i>   |

Note: For 2014/15 the red rating definition has been amended from that used in 2013/14. Red is now classed as high risk or not achieved (in 2013/14 it was defined as failed)

- 4.2 A number of savings options are currently red rated. The 2014/15 red rating definition has been broadened from that used in 2013/14 to now include high risk rather than only failed options.
- 4.3 The mitigation achieved (purple) category is used to show mitigating actions taken against savings that have failed or partially failed within 2014/15. This reflects adjustments including a review of corporate growth assumptions and mitigation against the Corporate Commissioning targets.
- 4.4 The savings tracker contains an assessment of the 2014/15 savings programme. This shows £7.1 million of savings assessed as red (defined as high risk or not achieved) with a further £13.1 million of options rated at amber (concerns). Please note that a red rating does not mean that savings will not be delivered, but that there is a risk to full delivery in the year. Savings of £4.6 million have been delivered so far in year relating to options currently rated red or amber. In addition mitigation has further reduced the amount outstanding required to meet the overall £36 million savings target.
- 4.5 The ratings are a result of robust assessment of progress to date against the original proposed budget options and identification of in year slippage against targets. Red rated options include a number relating to Adult Social Services, transport, Floral Pavilion, the library budget, not yet implemented. The corporate commissioning and procurement savings are still to be identified. However mitigation is in place and being developed as set out below.
- 4.6 A number of identified mitigating actions are in place to assist the Corporate savings delivery and reduce the risks to the budget. These include continuation of the spending freeze, vacancy management, the voluntary redundancy offer, reviewing growth allocations and identification and control of other underspending directorate budgets.
- 4.7 The impact of the above measures combined with the projections for the overall budget position reduces the forecast overspend to £0.82 million.



Projections are updated monthly and further mitigating measures are being identified to cover any potential overspend.

## 5 GROWTH

- 5.1 An allowance for the impact of demographic changes, inflation and other risks - that is outcomes that could be worse than assumed - was built into the budget 2014/15 as detailed at Annex 4. The assumptions which totalled £9.2 million were subject to review resulting in a reduction of £0.9 million as reported in the month 2 monitor. This was removed from the budget in Month 7 and Annex 4 has been adjusted to reflect this. These reductions have contributed to mitigating savings held within the Corporate Growth and Savings area.

## 6 INCOME AND DEBT

- 6.1 Revenue and Income falls into four broad areas for reporting purposes:

**Table 5: Amount to be collected in 2014/15**

|                                       | 2014/15     | 2014/15   |        |
|---------------------------------------|-------------|-----------|--------|
|                                       | Collectable | Collected | %      |
|                                       | £000        | £000      |        |
| Council Tax                           | 137,344     | 113,164   | 82.4%  |
| Business Rates                        | 71,656      | 58,225    | 81.3%  |
| Fees and charges – Adults & Children  | 33,803      | 27,855    | 82.4%  |
| Fees and charges – all other services | 33,081      | 34,438    | 104.1% |

Note: fees and charges income includes receipts for invoices raised pre 1 April 2014

## COUNCIL TAX

- 6.2 The Council Tax collection after nine months of the year is comparable with the equivalent 2013/14 collection rate. No significant changes to Council Tax apart from the amendment to the Pensioner Discount scheme were implemented for 2014/15. This is now the second year of Local Council Tax Support scheme.
- 6.3 Recovery from non-Council Tax Support recipient debtors is continuing as normal. Action taken to recover from those of Working Age that previously received Council Tax Benefit is on-going. Repayment plans offering weekly/fortnightly instalments were offered to those contacting the Council. Where possible attempts to collect by Attachment of Earnings and Benefits will be prioritised however inevitably in some cases this will not be possible and alternative methods including Bailiffs will need to be utilised.
- 6.4 An exercise is currently underway to check the Single Person Discounts awarded (25%) with in excess of 31,000 of 55,640 discount awards being checked. Council Tax Support recipients are excluded from this exercise. The firm undertaking this work estimates that between 4-6% of the recipients will have the full charge re-instated. The 2015/16 Council Tax Base reflects an estimated £300,000 increase in Council Tax receipts. The exercise will ensure that Wirral council tax payers are not subsidising falsely claimed discounts..

## **BUSINESS RATES**

- 6.5 Following changes introduced by central government, businesses can now have the option to pay Business Rates over 12 monthly instalments. Previously payment options had been over 10 instalments. Income collection to the end of December was 81.3%. This was lower than the 85.9% collected at the equivalent period in 2013/14 and is in line with reported drop in collection for similar authorities who are on average 4.5% down on the previous year.

## **DEBTORS**

- 6.6 On-going work has continued to improve collection and resolve outstanding debts and currently leaves a balance outstanding of £19,336,872. This is less than the £21,209,731 reported at the end of November 2014 and the £29,016,258 at December 2013..

## **BENEFITS**

- 6.7 Discretionary Housing Payments are funded by Government Grant although the Council can increase the funding available through using its own resources. The demands for support in 2014/15 are projected to exceed the grant and the Welfare Reform Update report on this agenda recommends the transfer of £70,000 from the Council Tax Discretionary Hardship Relief Fund in 2014/15 to help meet this demand.

## **7 RELEVANT RISKS**

- 7.1 The possible failure to deliver the Revenue Budget is being mitigated by:
- Tracking system of savings options to ensure delivery.
  - Budget Tracker Officer Group / CESG review savings progress.
  - Future Council Project Governance arrangements.
  - Benefits Realisation Group monitoring the delivery of future savings and delivery of the key change projects.
  - Monthly review by Chief Officers and Cabinet, together with an improved Scrutiny regime and greater transparency.
  - Individual monthly review by Cabinet Portfolio holder at portfolio meeting.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 Any option to improve the monitoring and budget accuracy will be considered.

## **9 CONSULTATION**

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

## **10 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 10.1 There is an ongoing requirement to identify during the financial year necessary actions to mitigate any forecast overspend.

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

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

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

- 12.1 Cabinet 12 February 2014 agreed a 2014/15 General Fund balance risk calculation of a minimum of £17.3 million. As part of the budget process for 2015/16 the level of risk will be reassessed and incorporated into the Cabinet budget report. This will be reviewed during the year to reflect changing circumstances and any in year developments.

**Table 6: Summary of the projected General Fund balances**

| Details   |  | £m    |
|---|--|-------|
| Balance 31 March 2015 when setting the Budget 2014/15 |  | +17.3 |
| Less: Potential overspend, at Month 9                 |  | -0.8  |
| Add: Additional New Homes Bonus                       |  | +0.2  |
| Projected balance 31 March 2015                       |  | +16.7 |

- 12.2 Earmarked Reserves excluding school balances totalled £66.1 million at 1 April. These include reserves relating to the cost of Council remodelling, mitigation and specific project support and ongoing financial risks. Earmarked reserves will be reviewed during the year.

## **13 LEGAL IMPLICATIONS**

- 13.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 section 114A to make a report to the executive if it appears to them 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.

## **14 EQUALITIES IMPLICATIONS**

- 14.1 This report is essentially a monitoring report which reports on financial performance. Any budgetary decisions, of which there are none in this report, would need to be assessed for any equality implications.

## **15 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

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

## **16 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

16.1 There are no implications arising directly from this report.

## **17 RECOMMENDATIONS**

17.1 Cabinet is asked to note that at Month 9 (December 2014), the full year forecast projects a General Fund overspend of £825,000.

17.2 Cabinet is asked to note the changes in budget allocations relating to the pay award, revised depreciation charges and re-modelling savings (as outlined in paragraphs 2.1 and 2.2) which do not impact on the General Fund position.

17.3 Cabinet is asked to note the risks relating to non-delivery of savings as detailed within the report and the continued requirement for mitigation and actions to be identified.

## **18 REASONS FOR THE RECOMMENDATIONS**

18.1 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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## **ANNEXES**

Annex 1 Revenue Monitoring and Reporting Timetable 2014/15.  
Annex 2 General Fund Revenue Budget for 2014/15 agreed by Council.  
Annex 3 Monitoring RAGBY Full Details  
Annex 4 Growth and Risk  
Annex 5 Income and Debt

## **SUBJECT HISTORY**

| <b>Council Meeting</b>   | <b>Date</b>      |
|--|------------------|
| Since September 2012, a monthly Revenue monitoring report has been submitted to Cabinet.<br>Budget Council | 25 February 2014 |

**ANNEX 1**

**REVENUE MONITORING AND REPORTING TIMETABLE 2014/15**

| Period Number | Month                 | General Ledger Updated and Reports Available To Be Produced | Reports Available For The Executive Strategy Group | Reports Available For Cabinet |
|---------------|-----------------------|---|--|-------------------------------|
|               |                       |   | Monthly  | Monthly                       |
| 1             | April                 | N/A   | N/A  | N/A                           |
| 2             | May                   | Jun 6   | Jun 17   | Jul 7                         |
| 3             | June                  | July 7  | Aug 26   | Sep 11                        |
| 4             | July                  | Aug 7   | Aug 26   | Sep 11                        |
| 5             | August                | Sep 5   | Sep 22   | Oct 9                         |
| 6             | September             | Oct 7   | Oct 20   | Nov 6                         |
| 7*            | October               | Nov 7   | Nov 20   | Dec 9                         |
| 8*            | November              | Dec 5   | Dec 19   | Jan 15                        |
| 9             | December              | Jan 8   | Jan 19   | Feb 10                        |
| 10            | January               | Feb 6   | Feb 23   | Mar 12                        |
| 11            | February              | Mar 6   | TBC  | TBC                           |
| 12            | Outturn (Provisional) | TBC   | TBC  | TBC                           |

## GENERAL FUND REVENUE BUDGET 2014/15

AGREED BY COUNCIL ON 25 FEBRUARY 2014

| Directorate/Service Area                            | Original Budget | Variances     | Revised Budget |
|---|-----------------|---------------|----------------|
|   | £000            | £000          | £000           |
| <b>Expenditure</b>                                  |                 |               |                |
| Chief Executives                                    | 10,035          | -1,419        | 8,616          |
| Families and Wellbeing                              |                 | -             |                |
| Children and Young People, Schools and Safeguarding | 82,877          | -3,102        | 79,775         |
| - Adult Social Services                             | 74,667          | -337          | 74,330         |
| - Sports and Recreation                             | 8,502           | -66           | 8,436          |
| Regeneration and Environment                        | 95,190          | 2,778         | 97,968         |
| Transformation and Resources                        | 20,199          | -221          | 19,978         |
| <b>Net Cost of Services</b>                         | <b>291,470</b>  | <b>-2,367</b> | <b>289,103</b> |
| Corporate Growth                                    | 1,016           | -310          | 706            |
| Corporate Savings                                   | -16,829         | 2,677         | -14,152        |
| <b>Budget Requirement</b>                           | <b>275,657</b>  | <b>-</b>      | <b>275,657</b> |
|   |                 |               |                |
| <b>Income</b>                                       |                 |               |                |
| Local Services Support Grant                        |                 |               |                |
| New Homes Bonus                                     | 1,768           | -             | 1,768          |
| Revenue Support Grant                               | 87,492          | -             | 87,492         |
| Business Rates Baseline                             | 32,036          | -             | 32,036         |
| Top Up  | 40,513          | -             | 40,513         |
| Council Tax Requirement                             | 112,214         | -             | 112,214        |
| Council Tax Freeze Grant                            | 1,334           | -             | 1,334          |
| Contribution from G Fund Balances                   | 300             | -             | 300            |
| <b>Total Income</b>                                 | <b>275,657</b>  | <b>-</b>      | <b>275,657</b> |
|   |                 |               |                |
| <b>Statement of Balances</b>                        |                 |               |                |
| As at 1 April 2014                                  | 17,300          | -             | 17,300         |
| Contributions from Balances                         | -300            | -             | -300           |
|   |                 |               |                |
| <b>Forecast Balances 31 March 2015</b>              | <b>17,000</b>   | <b>-</b>      | <b>17,000</b>  |

Note: This table will be updated for agreed variances during the year

## MONITORING FULL DETAILS

### RAGBY REPORTING AND OTHER ISSUES

The Red and Yellow RAGBY issues that are the subject of corporate focus are detailed in the following sections by Business Areas within Directorates.

| Department                         | Number of Budget Areas | Red      | Amber    | Green     | Blue     | Yellow   |
|------------------------------------|------------------------|----------|----------|-----------|----------|----------|
| Chief Executive's                  | 6                      | 0        | 0        | 5         | 1        | 0        |
| Adult Social Services              | 2                      | 1        | 0        | 1         | 0        | 0        |
| Children & Young People, & Schools | 5                      | 2        | 0        | 1         | 0        | 2        |
| Safeguarding                       | 1                      | 0        | 0        | 1         | 0        | 0        |
| Sports & Rec                       | 1                      | 0        | 1        | 0         | 0        | 0        |
| Regeneration & Environment         | 5                      | 0        | 1        | 1         | 0        | 3        |
| Transformation & Resources         | 7                      | 0        | 0        | 6         | 0        | 1        |
| Corporate Growth & Savings         | 2                      | 0        | 0        | 2         | 0        | 0        |
| <b>Total</b>                       | <b>29</b>              | <b>3</b> | <b>2</b> | <b>17</b> | <b>1</b> | <b>6</b> |

#### Business Area Reds

|               | Chief Exec | People | Places | Trans & Res | Total |
|---------------|------------|--------|--------|-------------|-------|
| Red Overspend | 0          | 3      | 0      | 0           | 3     |
| Value £000s   |            | 4,280  |        |             | 4,280 |

#### Business Area Yellows

|                   | Chief Exec | People | Places | Trans & Res | Total |
|-------------------|------------|--------|--------|-------------|-------|
| Yellow underspend | 0          | 2      | 3      | 1           | 6     |
| Value £000s       |            | 1,385  | 1,655  | 675         | 3,715 |

## GROWTH AND RISK

| DIRECTORATE           | OPTION TITLE   | 2014/15<br>£000 |
|-----------------------|--|-----------------|
|                       |  |                 |
| <b>FAMILIES</b>       |  | <b>4,115</b>    |
| Demographic Growth    | Childrens - Special Guardianship & Adoption numbers          | 240             |
|                       | Adults - Demand (Young Adults with Learning Disabilities)    | 926             |
|                       | Adults - Increased demand Older People (Adj)                 | 1,039           |
|                       | Adults - Ordinary Residence (Adj)                            | 300             |
| Other Growth          | Assets - Leasowe Millennium Centre (Adj)                     | 0               |
|                       | Childrens - Youth and Play Services - refocus provision(Adj) | 0               |
| Inflation             | Childrens - Fostering & Adoption Allowances                  | 200             |
|                       | Childrens - PFI Affordability Gap                            | 190             |
|                       | Childrens - Teacher Retirement Costs                         | 80              |
|                       | Childrens - Transport Contracts                              | 80              |
|                       | Childrens - Energy and CRC Allowances                        | 310             |
|                       | Adults - Contract inflation (Adj)                            | 750             |
|                       |  |                 |
| <b>REGENERATION</b>   |  | <b>1,506</b>    |
| Demographic Growth    | Temporary Accommodation Budget                               | 50              |
| Other Growth          | Car Parking Operations Income                                | 350             |
|                       | Increase to green waste processing gate fee                  | 65              |
|                       | Economic Strategy Unit (Adj)                                 | 100             |
|                       | New System for administering Resident Parking                | 40              |
|                       | Parking Income due to end of income agreement                | 68              |
|                       | Biffa Property Uplift  | 13              |
|                       | Selective Licensing of Landlords (Adj)                       | 178             |
|                       | Homelessness Prevention Grant                                | 221             |
| Inflation             | Highway Services Contract                                    | 48              |
|                       | Contract for Parking Enforcement Services                    | 10              |
|                       | Urban Traffic Control Systems                                | 20              |
|                       | Biffa Contract Inflation                                     | 343             |
|                       |  |                 |
| <b>TRANSFORMATION</b> |  | <b>2,685</b>    |
| Other Growth          | Graduate Trainee Programme (Adj)                             | 0               |
|                       | Savings Profiling including Business Rates                   | 900             |
|                       | Council Tax Summonses  | 1,300           |
|                       | Council Tax Support Scheme: Uprating                         | 265             |
|                       | IT Support   | 120             |
|                       | Benefit Advice Services                                      | 100             |
| <b>TOTAL GROWTH</b>   |  | <b>8,306</b>    |

The table reflects the outcome of the review of growth and assumptions which was undertaken and which was reported in the Month 2 monitor.



**INCOME AND DEBT**

The following shows the collection progress for Council Tax, Business Rates, Accounts Receivable and Benefits

**COUNCIL TAX**

The following statement compares the amount collected for **Council Tax** in the period 1 April 2014 to 31<sup>st</sup> December 2014 with the amount collected in the same period in 2013/14:

|                 | <b>Actual<br/>2014/15<br/>£000s</b> | Actual<br>2013/14<br>£000s |
|-----------------|-------------------------------------|----------------------------|
| Cash to Collect | <b>137,344</b>                      | 135,550                    |
| Cash Collected  | <b>113,164</b>                      | 111,577                    |
| % Collected     | <b>82.4%</b>                        | 82.3%                      |

Council Tax benefits have been abolished and replaced by Council Tax Support £27.44 million is currently in payment and the numbers and awards as at 31<sup>st</sup> December 2014 are as follows:

|   |                      |
|---|----------------------|
| Number of pensioners                            | <b>15,599</b>        |
| Number of vulnerable (working age)              | <b>8,499</b>         |
| Number of working age                           | <b>12,856</b>        |
| Number of <b>Council Tax Support</b> recipients | <b><u>36,954</u></b> |

Claimants have dropped from 37,932 to 36,954 (978) since the beginning of the financial year.

**Council Tax Discretionary Policy** as at 31<sup>st</sup> December

35 awards granted totalling £6,258

268 refused, reason, requesting payment of 22% after maximum Council Tax Support granted.

9 cases reason, moved to 100% CTS from 78%,

8 cases reason, other/misc.

11 cases outstanding.

## BUSINESS RATES

The following statement compares the amount collected for **National Non-Domestic Rates** for the period 1 April 2014 to 31 December 2014 with the amount collected for the same period in 2013/14:

|                 |                |         |
|-----------------|----------------|---------|
|                 | <b>Actual</b>  | Actual  |
|                 | <b>2014/15</b> | 2013/14 |
|                 | <b>£000</b>    | £000    |
| Cash to Collect | <b>71,656</b>  | 69,887  |
| Cash Collected  | <b>58,225</b>  | 60,021  |
| % Collected     | <b>81.3%</b>   | 85.9%   |

\* 12 instalments introduced and adopted by at least 25% of accounts

## ACCOUNTS RECEIVABLE

The table below shows the directorates and amount of debt at each recovery stage:

| Directorate Description    | Less than 10 days | 1st reminder      | 2nd reminder    | 3rd reminder       | Total at 31.12.14  |
|----------------------------|-------------------|-------------------|-----------------|--------------------|--------------------|
| Chief Executive            | <b>£75,938</b>    | <b>£43,464</b>    | <b>£2,813</b>   | <b>£680,325</b>    | <b>£802,540</b>    |
| Neighbourhood              | <b>£6,631</b>     | <b>£2,874</b>     | <b>£98</b>      | <b>£13,544</b>     | <b>£23,147</b>     |
| Transformation & Resources | <b>£2,301,900</b> | <b>£234,048</b>   | <b>£21,265</b>  | <b>£1,062,162</b>  | <b>£3,619,375</b>  |
| Families & Wellbeing       | <b>£3,899,593</b> | <b>£508,921</b>   | <b>£210,047</b> | <b>£9,463,049</b>  | <b>£14,081,610</b> |
| Regeneration & Environment | <b>£268,130</b>   | <b>£172,936</b>   | <b>£95,565</b>  | <b>£682,906</b>    | <b>£1,219,537</b>  |
| Policy & Performance       | <b>£105</b>       | <b>£42,875</b>    | <b>£0</b>       | <b>£105</b>        | <b>£43,085</b>     |
| <b>Totals</b>              | <b>£6,552,297</b> | <b>£1,005,118</b> | <b>£329,788</b> | <b>£11,902,091</b> | <b>£19,789,294</b> |

The above figures are for invoices in respect of the period up to the end of December 2014. Payments as well as amendments such as write-offs and debt cancellations continue to be made after this date on all these accounts. There is a further deduction of £452,422 to be made for unallocated payments leaving a balance of **£19,336,872**.

## BENEFITS

The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Support up to 31 December 2014:

|   | 2014/15             | 2013/14 |
|---|---------------------|---------|
| Number of <b>Private Tenant</b> recipients  | <b>31,731</b>       | 31,627  |
| Total rent allowance expenditure  | <b>£107,153,111</b> |         |
| Number under the <b>Local Housing Allowance</b> Scheme ( <i>included in the above</i> ) | <b>12,090</b>       | 12,243  |
|   | <b>£43,713,399</b>  |         |
| Number of <b>Council Tax Support</b> recipients   | <b>36,954</b>       | 38,138  |
| Total Council Tax Support expenditure   | <b>£27,540,550</b>  |         |
| Total expenditure on benefit to date  | <b>£134,693,661</b> |         |

The following statement provides information concerning the breakdown according to client type as at 31 December 2014 and gives the early year numbers to show the shift in sector by benefit claimants during the year.

|  | 31.12.14      | 30.4.14 |
|--|---------------|---------|
| Claimants in the Private Rented Sector | <b>14,290</b> | 14,531  |
| Claimants in the Social Rented Sector  | <b>17,441</b> | 16,906  |
| Owner Occupiers                        | <b>9,087</b>  | 10,118  |
| Total claimants by age group           |               |         |
| - under 25 years old                   | <b>2,338</b>  | 2,551   |
| - 25 – 60 years old                    | <b>21,291</b> | 21,666  |
| - over 60 years old                    | <b>17,189</b> | 17,338  |

There are 40,818 benefit recipients in Wirral as at 31 December 2014.

### Under Occupancy regulations

From 1 April 2013 property size criteria was introduced to working age tenants of social landlords (Registered Providers). Where a claimant is deemed to be occupying accommodation larger than they reasonably require Housing Benefit is restricted:-

- By 14% in 2,694 cases
- By 25% in 638 cases

The number of claims affected does fluctuate. The numbers above are a snapshot at 31 December 2014

## Housing Benefit Fraud and Enquiries – 1 April 2014 to 31 December 2014

|   |     |
|---|-----|
| New Cases referred to Fraud team in period            | 724 |
| Successful Prosecution/Administration penalty/caution | 48  |
| Tenancy Fraud   | 3   |

### Discretionary Housing Payments

The table below profiles the position of Discretionary Housing Payment (DHP) administration and associated spend. DHP is not a payment of Housing Benefit and is funded separately from the main scheme. Since the introduction of Welfare Reform and associated impacts, additional funding has been made available.

The Government contribution for 2014/15 is £995,795 with an overall limit of £2,489,487 which the Authority must not exceed. The difference must come from the Authority's own Expenditure. The committed spend against the Government contribution at 31 December 2014 was 98%, (63% at the end December 2013) with 59% of awards made are in respect of social sector tenant/claimants whose housing benefit has been reduced on the basis of accommodation size. Whilst the variance to 2013/14 is considerable at this point in 2013/14 spend increased to 95% at year end.

The present rate of spend projects an overspend. Applications are now subject to increased scrutiny in line with the agreed Policy the remaining fund is unlikely to support as many applicants who would otherwise meet the criteria to secure an award. With the Government contribution likely to be exhausted by 31 January 2015 the Welfare Reform Update report to Cabinet on 10 February 2015 is recommending that £70,000 be transferred to the DHP Fund from the unallocated Council Tax Discretionary Relief Hardship Fund to meet anticipated demands during the remainder of 2014/15.

| Month     | Claims Considered |         |         | DHP Awards in Payment | Current Awards | % spent (committed) of total fund | Annual Total Cont. remaining |
|-----------|-------------------|---------|---------|-----------------------|----------------|-----------------------------------|------------------------------|
|           | Total considered  | Awarded | Refused |                       |                |                                   |                              |
| April     | 259               | 203     | 56      | 248                   | £93,371        | 10%                               | £902,424                     |
| May       | 464               | 361     | 103     | 816                   | £181,503       | 35%                               | £814,292                     |
| June      | 501               | 358     | 143     | 1370                  | £307,503       | 57%                               | £426,171                     |
| July      | 401               | 235     | 166     | 1777                  | £503,465       | 74%                               | £256,841                     |
| August    | 248               | 124     | 124     | 1953                  | £600,280       | 81%                               | £192,869                     |
| September | 203               | 96      | 107     | 2073                  | £689,039       | 83%                               | £165,221                     |
| October   | 255               | 132     | 123     | 2238                  | £779,946       | 87%                               | £129,113                     |
| November  | 235               | 145     | 90      | 2418                  | £870,520       | 92%                               | £82,026                      |
| December  | 156               | 92      | 64      | 2557                  | £948,694       | 98%                               | £17,285                      |
| Totals    | 2703              | 1746    | 976     |                       |                |                                   |                              |

## Local Welfare Assistance

The Local Welfare Assistance Support Scheme (LWA), supported by a £1,345,925 Government Grant, gives assistance to those in immediate crisis or need through the provision of pre-payment cards for food and fuel and direct provision of white goods. The number of applications continues to rise on a week by week basis. The present rate of spend now projects 100% grant spend at year end.

LWA details for period from 07 April 2014 to 31 December 2014:

|                                    |              |              |                 |
|------------------------------------|--------------|--------------|-----------------|
| Number of awards granted for food  | 2,042        | value        | £95,960         |
| Number of awards granted for fuel  | 2,703        | value        | £43,780         |
| Number of awards granted for goods | 5,232        | value        | £557,493        |
| <b>Total number of awards made</b> | <b>9,977</b> | <b>value</b> | <b>£697,233</b> |

This direct grant will be ended on 31 March 2015 and during 2014/15 the Authority is reviewing options for what, if any, provisions are made for 2015/16 in this area which would have to be from its own resources. The DCLG is encouraging LA's to support locally and continue with schemes, where at all possible.