

WIRRAL COUNCIL

FINANCE & BEST VALUE OVERVIEW & SCRUTINY COMMITTEE

24 MARCH 2009

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL MONITORING STATEMENT

1. EXECUTIVE SUMMARY

1.1 This report provides a summary in tabular format of the current position of the revenue accounts and General Fund balances.

2. MONITORING STATEMENT

2.1 The monitoring statement is attached to this report and includes the following:

- Composition of the original 2008/09 budget by department including agreed savings and policy options which now includes the Department of Law, Human Resources and Asset Management.
- Monitoring against the 2008/09 budget including the financial implications of any Cabinet decisions.
- Anticipated variances against the original budget.
- Explanation of variances and areas identified as requiring further attention.

2.2 The monitoring statement is based upon the information provided within departmental financial monitoring reports and is updated and submitted to each meeting of this Committee.

3. FINANCIAL AND STAFFING IMPLICATIONS

3.1 The statement presents an update of the revenue budget and General Fund balances as at 31 January 2009.

3.2 At this stage of the financial year there are reports of financial pressures in:-

- a. Adult Social Services - continue to project a £3.5 million overspend. Cabinet noted this position on 4 September 2008. The Director of Adult Social Services has since provided updates to this Committee.
- b. Children & Young People - now projecting to be within budget although care pressures increasing following recent high profile cases elsewhere in the country. Actions taken have reduced the earlier £3 million projected overspend primarily through grant funding opportunities.

- c. Regeneration - experiencing difficulties delivering service re-engineering savings and meeting income targets. The potential overspend is £0.6 million with Cabinet having agreed to offsetting the £230,000 returned to balance after the mid-year review of Reserves and Provisions.
- d. Technical Services - the recent weather resulted in increased spending on winter maintenance which together with the impact of the economic downturn on the achievement of income targets now forecasts a potential £0.7 million overspend.

3.3 There are potential underspends within;-

- a. Finance - demand for housing benefit increases as a consequence of the economic situation. However continued progress on implementing efficiencies and maximising grant will realise a £0.8 million saving.
- b. Treasury Management - whilst affected by the volatility of the financial market close monitoring has resulted in increased investment income, a reduced need for temporary borrowing and also borrowing to fund the capital programme. The current projection is a £2.8 million underspend.

3.4 Following the completion of the 2007/08 accounts the outturn was reported to Cabinet on 26 June 2008 and the Statement of Accounts to Audit and Risk Management Committee on 30 June 2008. There was a net underspend and an increase in the balance at 31 March 2008 of £2.5 million.

3.5 The Insurance Fund Annual Report was presented to Cabinet on 9 July 2008. The outcome of the annual actuarial assessment identified continuing improvements in claims handling and repudiation rates which enabled £3 million to be returned to General Fund balances from the Insurance Fund in 2008/09.

3.6 The Government issued a Determination on the distribution of the Local Authority Business Growth Incentive (LABGI) grant for previous years in June 2008. The Wirral allocation of £1.3 million was reported to Cabinet on 23 July 2008 and added to the balance.

3.7 A report on energy related costs was presented to Cabinet on 9 July 2008. Budget variations of £0.9 million were approved for 2008/09 in respect of Children & Young People and Technical Services. A further update on the energy related contracts was presented to Cabinet on 5 February 2009.

3.8. Cabinet were advised of £1.7 million of highways maintenance expenditure being eligible to be capitalised which represents a £2 million reduction on that included within the 2008/09 budget.

- 3.9. On 6 November 2008 Cabinet agreed to fund the improvement teams in respect of Procurement and Creditors, Change, Customer Services Development and Adult Social Services Reform totalling £2.2 million from the Efficiency Investment Budget.
- 3.10. Cabinet agreed to the release of £0.5 million of reserves and provisions to the general balance on 10 December 2008. This included the amount for regeneration referred to above which partially offsets the potential overspend.
- 3.11. The impact of the energy pressures, if realised, and the variations, if not contained, would see the balances become £7.4 million. This is detailed in the table:-

Details	£million	£million
Projected General Fund balances at 31 March 2009 when setting the budget for 2008/09		5.0
Cabinet decisions		
Financial out-turn for 2007/08 showed an underspending and contribution to balances (see 3.4)	+2.5	
Release of Insurance Fund reserve to general balance (see 3.5)	+3.0	
Receipt of Local Authority Business Growth Incentive (LABGI) grant to general balance (see 3.6)	+1.3	
Funding for street lighting energy and Children & Young People transport costs (see 3.7)	-0.9	
Reduction in the highways spend eligible for capitalisation (see 3.8)	-2.0	
Funding of improvement teams from the Efficiency Investment Budget (see 3.9)	+2.2	
Release of reserves and provisions to general balance (see 3.10)	-0.3	+6.4
Projected variances / potential overspends		
Overspend (see 3.2)		
Adult Social Services	+3.5	
Regeneration	+0.8	
Technical Services	+0.7	
Underspend (see 3.3)		
Finance	-0.8	
Treasury Management	-2.8	-1.4
Potential liability		
In respect of fuel and energy costs in 2008/09 (see 3.7)	+2.6	-2.6
General Fund balances at 31 March 2009 based upon the projections at 31 January		7.4

- 3.9 There are no staffing implications arising directly from this report.

4. EQUAL OPPORTUNITIES IMPLICATIONS

4.1 There are none arising directly from this report.

5. HUMAN RIGHTS IMPLICATIONS

5.1 There are none arising directly from this report.

6. LOCAL AGENDA 21 IMPLICATIONS

6.1 There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

8.1 There are none arising directly from this report.

9. PLANNING IMPLICATIONS

9.1 There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

10.1 There are no particular implications for any Members or wards arising out of this report.

11. BACKGROUND PAPERS

11.1 None were used in the preparation of this report.

12. RECOMMENDATION

12.1 That the contents of the financial monitoring statement be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2008/09

POSITION AS AT 31 JANUARY 2009

Department	OROGINAL BUDGET **			MONITORING				Forecast	COMMENTS
	Saving Target	Policy Option	Agreed Budget	Saving Target	Policy Option	Variations			
Expenditure	£000	£000	£000			Agreed	Projected	£000	
Adult Social Services	4,494	20	86,434	X	✓	-	+3,500	89,934	Pressures remain on care services from underlying commitments and the procurement target. The £3.5m overspend noted by Cabinet on 4 September remains the latest projection.
Children & Young People	3,981	20	70,560	*	✓	+120	-	70,680	Actions have addressed earlier £3m projection. The non-delivery of prior year savings (£0.5m), staff (£0.2m), child care (£0.8m) and transport (£0.3m) offset by the use of grants (£1.8m). Procurement savings to be identified. Cabinet decision was regarding fuel costs.
Corporate Services	289	441	5,112	✓	✓	-	-	5,112	No issues identified. Original budget split with Law, HR & Asset Mgt.
Finance	1,696	40	21,048	✓	✓	-2,200	-800	18,048	Housing Benefit largest and most volatile area likely to realise £0.8m saving. Cabinet decision is using Efficiency Budget for reform/change teams in Adults & Finance.
Law, HR and Asset Management	249	115	1,105			+148		1,105	Cabinet decision is transfer from Treasury Management.
Regeneration	821	225	41,229	X	✓	+200	+600	42,029	Procurement savings to be identified. Service re-engineering savings (£0.6m) and income (£0.2m) lead to potential overspend of £0.8m. Partially offset by release of reserves – see Cabinet below.
Technical Services	1,237	30	35,529	✓	✓	+2,780	+700	39,009	Cabinet agreed budget revisions but pressures on Building control / land charges and winter maintenance project overspend. Cabinet decisions - street lighting (£0.78m) and reduced capitalisation (£2m).
Treasury Management	0	200	11,755	N/a	✓	-148	-2,800	9,355	The financial market volatile and investment returns lower but close management of cash flow has increased investment income, reduced need for temporary borrowing and borrowing for capital schemes.
Merseytravel	-	-	25,311	N/a	N/a	-	-	25,311	Fixed amount - no change.
Local Pay Review	-	-	4,546	N/a	N/a	-	-	4,546	Cabinet report 22 May with Phase 1 payments made in July/August.
Bridging Finance from Balances	-	-	(1,900)	N/a	N/a	-	-	(1,900)	Asset savings and Adults income from fees 2009/10.
Contribution from Balances	-	-	(2,202)	N/a	N/a	-900	-	(3,102)	See Cabinet decisions regarding fuel and energy costs, capitalisation, reform/change teams funding and reserves
Budget Requirement	12,767	1,091	298,527			-	+1,200	299,727	
Income									
Revenue Support Grant	-	-	18,016	N/a	N/a	N/a	N/a	18,016	Fixed amount-- no change
Area Based Grant	-	-	28,390	N/a	N/a	N/a	N/a	28,390	Government still to confirm final allocations
National Non Domestic Rate	-	-	129,413	N/a	N/a	N/a	N/a	129,413	Fixed amount - no change
Council Tax	-	-	123,217	N/a	N/a	N/a	N/a	123,217	Fixed amount - no change
Collection Fund Deficit	-	-	(509)	N/a	N/a	N/a	N/a	(509)	Fixed amount - no change
Total Income			298,527					298,527	Fixed amount - no change
Statement of Balances									
As at 1 April	-	-	8,593	-	-	5,000	-	5,000	Opening balance - forecast 1 April 2009
Contributions from Balances	-	-	(4,102)	-	-	-	-		
Contributions from Reserves	-	-	509	-	-	+3,000	-	+3,000	Release of Insurance Fund Cabinet 9 July
Cabinet decisions	-	-	-	-	-	+4,100	-	+4,100	From 2007/08 accounts £2.5m (26 June), LABGI £1.3m (23 July) and reserves £0.3m 10 December).
Variations - Agreed by Cabinet						-900	-	-900	Fuel/energy (23 July) - potential £3.5m of which +£0.9m allocated), reduced capitalisation (+£2m), use of Efficiency Budget (-£2.2m) and reserves for Regeneration (£0.2m).
Variations – Projected	-	-	-	-	-	-	-1,200	-1,200	Based upon projections for Adults, Children, Finance, Regeneration, Technical and Treasury and potential energy costs (report to go to Cabinet in February).
						-2,600	-	-2,600	
BALANCES			5,000			8,600	-1,200	7,400	Projected balance at start / end of year
Key = No concern for item ✓ (Green) Key = Some concern for item * (Amber) Key = Concern for item X (Red)									
** The Original Budget 2008/09 was re-allocated per Cabinet on 25 September for the Department of Law, HR and Asset Management.									