

**REPORT TO:** Executive Sub Committee  
**DATE:** 10<sup>th</sup> February 2011  
**REPORTING OFFICER:** Operational Director – Finance  
**SUBJECT:** Spending as at 31<sup>st</sup> December 2010  
**WARD(S):** Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 To report the Council's overall revenue and capital spending position as at 31<sup>st</sup> December 2010.

## **2.0 RECOMMENDED: That;**

- (i) **the report be noted**
- (ii) **Directorates continue to closely monitor and control spending and income levels, to ensure that the overall £2m target underspend is achieved by year-end**
- (iii) **the Operational Director – Finance take appropriate action at year-end to ensure the overall Reserves and Balances Strategy is achieved.**

## **3.0 SUPPORTING INFORMATION**

### **Background**

3.1 The revenue budget and capital programme have been revised, as approved by Council on 1<sup>st</sup> September 2010, to reflect the Government's announcement of in-year grant reductions.

3.2 Management Team agreed in September 2010 for Directorates to take steps to limit spending this year by £500,000 each. As a result £2m would become available to provide a Transformation Fund to meet any forthcoming redundancy costs etc.

### **Revenue Spending**

3.3 Appendix 1 presents a summary of spending against the revenue budget for each Department, up to 31<sup>st</sup> December 2010. Although the budget profile is only a guide to eventual spending, at this stage total revenue expenditure is £2.7m below the profile (excluding LSP related expenditure). This indicates that the target underspend of £2m should be achieved by year-end.

- 3.4 Spending on Employees is generally below the budget profile across the Council. This is largely due to delays in filling vacancies following the organisational restructuring from 1<sup>st</sup> April 2010, in anticipation of certain Efficiency Programme workstreams, and in preparation for further structural changes.
- 3.5 The employers' proposal is to freeze pay for 2010, however, the 2010/11 budget included 1.0% for the 2010 pay award. This will therefore generate a budget saving of approximately £600,000 as a contribution towards the Transformation Fund.
- 3.6 Expenditure on Children's Residential Placements, and both Within-Borough and Out-of-Borough Foster Care Placements, are below budget profile. This follows a review of placement strategy.
- 3.7 Community Care expenditure is currently in line with budget profile, however, costs falling upon this budget have been rising steadily. This budget therefore needs to be closely monitored during the final quarter to ensure it remains in line with budget by year-end.
- 3.8 Although the impact of the economic downturn upon income levels was taken into account when setting the 2010/11 budget, Building Control Fee income is below budget profile due to the ongoing slowdown in the construction industry and private sector competition. Income from Open Spaces External Works is also significantly below the budget profile, along with income from Trade Waste and Bulky Items. These income budgets will need to be closely monitored and steps taken to reduce related expenditure where possible.
- 3.9 Highways income is above budget profile due to increased income from defects and charges to utilities arising from prolonged occupation of highways.
- 3.10 Treasury Management income is currently higher than the budget profile, due to delays in the capital programme as well as having locked-in to fixed rate deals during last year. However, income levels are now reducing significantly as these fixed rate deals come to an end.
- 3.11 Collection rates for both Council Tax and Business Rates are marginally lower than at the same stage last year, however, they continue to be above the average for North West Councils.

### **Capital**

- 3.12 A summary of capital spending is shown in Appendix 2. Capital spending to 31<sup>st</sup> December 2010 totalled £24.9m, which is 90% of the planned spending of £27.5m at this stage. However, this only represents 54% of the total revised capital programme of £45.7m (which assumes a 20% slippage between years).
- 3.13 The main areas of programme slippage to date are in respect of Our Lady Mother of the Saviour Primary School, Municipal Building refurbishment and Mersey Gateway advance land acquisitions.

### **Balance Sheet**

- 3.14 The Council's Balance Sheet is monitored regularly in accordance with the Reserves and Balances Strategy which forms part of the Medium Term Financial Strategy. The key reserves and balances have been reviewed and are considered prudent and appropriate at this stage in the financial year.
- 3.15 The Operational Director – Finance will continue to monitor and review the level of reserves and balances and will take appropriate action at year-end to ensure the overall Strategy is achieved.
- 3.16 A significant number of equal pay claims have been lodged with the Council as part of the national single status agreement. Offers have been made to all claimants but only a small number of claims have so far been settled. Further costs will fall on the Council, although the timescales are as yet uncertain. A reserve has been established over recent years, although it is not certain whether this will be sufficient to meet the future cost of such claims.

### **4.0 POLICY AND OTHER IMPLICATIONS**

- 4.1 None.

### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 5.1 There are no direct implications, however, the revenue budget and capital programme support the delivery and achievement of all the Council's priorities.

### **6.0 RISK ANALYSIS**

- 6.1 There are a number of financial risks within the budget. However, the Council has internal controls and processes in place to ensure that spending remains in line with budget.
- 6.2 In preparing the 2010/11 budget, a register of significant financial risks was prepared. This has been updated to take account of the increased probability of redundancies and early retirements taking place.

### **7.0 EQUALITY AND DIVERSITY ISSUES**

- 7.1 None.

### **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

- 8.1 There are no background papers under the meaning of the Act.

Revenue Expenditure to 31<sup>st</sup> December 2010

Directorate / Department	Annual Budget	Budget To Date	Actual Spend	Variance To Date
	£'000	£'000	£'000	£'000
Children and Families Services	13,860	6,458	6,141	317
Children's Organisation and Provision	7,186	-1,807	-1,983	176
Learning and Achievement Services	11,849	5,843	5,706	137
<b>Children and Young People</b>	<b>32,895</b>	<b>10,494</b>	<b>9,864</b>	<b>630</b>
Environment & Regulatory Services	15,397	9,687	9,620	67
Highways, Transportation & Logistics	16,308	6,184	5,808	376
Employment, Economic Regeneration & Business Development	3,229	1,689	1,303	386
<b>Environment and Economy</b>	<b>34,934</b>	<b>17,560</b>	<b>16,731</b>	<b>829</b>
Human Resources	44	-230	-322	92
Policy & Performance	1,479	1,173	1,252	(79)
Legal and Democratic Services	3,406	2,431	2,416	15
Finance	5,268	7,450	7,069	381
ICT and Support Services	95	-543	-730	187
Financial Arrangements	-10,806	127	-195	322
<b>Resources</b>	<b>-514</b>	<b>10,408</b>	<b>9,490</b>	<b>918</b>
Community	12,355	8,117	7,978	139
Catering and Stadium	2,275	518	533	(15)
Prevention and Commissioning	23,354	13,632	13,610	22
Complex Needs	9,388	4,724	4,665	59
Enablement	5,357	3,651	3,575	76
<b>Adults and Community</b>	<b>52,729</b>	<b>30,642</b>	<b>30,361</b>	<b>281</b>
<b>Local Strategic Partnership</b>	<b>7,256</b>	<b>5,442</b>	<b>4,025</b>	<b>1,417</b>
	<b>127,300</b>	<b>74,546</b>	<b>70,471</b>	<b>4,075</b>

Capital Expenditure to 31<sup>st</sup> December 2010

Directorate	Actual Expenditure to Date £'000	2010/11 Cumulative Capital Allocation		Capital Allocation 2011/12 £'000	Capital Allocation 2012/13 £'000
		Quarter 3 £'000	Quarter 4 £000		
<b>Children &amp; Young People</b>	<b>7,197</b>	<b>7,533</b>	<b>9,133</b>	<b>5,279</b>	<b>0</b>
<b>Environment &amp; Economy</b>					
Environment & Regulatory Services	523	996	1,494	861	665
Highways, Transportation & Logistics	10,134	12,215	27,989	44,413	23,900
Employment, Economic Regeneration & Business Development	4,908	4,753	12,918	12,149	922
<b>Total</b>	<b>15,565</b>	<b>17,964</b>	<b>42,401</b>	<b>57,423</b>	<b>25,487</b>
<b>Adults &amp; Community</b>					
Community	44	73	84	0	0
Catering & Stadium	22	25	30	30	30
Prevention & Commissioning Complex	1,464	1,286	4,070	439	335
Enablement	0	0	55	0	0
Enablement	6	7	35	0	0
<b>Total</b>	<b>1,536</b>	<b>1,391</b>	<b>4,274</b>	<b>469</b>	<b>365</b>
<b>Resources</b>					
Legal & Democratic Services	0	0	0	120	120
ICT & Support Services	571	647	1,324	1,100	1,100
<b>Total</b>	<b>571</b>	<b>647</b>	<b>1,324</b>	<b>1,220</b>	<b>1,220</b>
<b>Sub-Total</b>	<b>24,869</b>	<b>27,535</b>	<b>57,132</b>	<b>64,391</b>	<b>27,072</b>
Slippage (20%)			-11,426	-12,878	-5,414
<b>Total</b>	<b>24,869</b>	<b>27,535</b>	<b>45,706</b>	<b>62,939</b>	<b>34,536</b>