

**REPORT TO:** Executive Board Sub Committee  
**DATE:** 15<sup>th</sup> July 2011  
**REPORTING OFFICER:** Operational Director – Finance  
**SUBJECT:** 2010/11 Financial Outturn

## **1.0 PURPOSE OF REPORT**

1.1 To report the final revenue and capital spending position for 2010/11.

**2.0 RECOMMENDED: That the report be noted.**

## **3.0 SUPPORTING INFORMATION**

### **Revenue Spending**

- 3.1 The final accounts for 2010/11 are now complete and the revenue spending position for each Department, subject to external audit, is shown in Appendix 1.
- 3.2 The Council has closely monitored and controlled its spending throughout the year. Given the uncertainty of future funding and potential cost pressures arising in areas such as Community Care, which have been highlighted in the Medium Term Financial Strategy, an ultra cautious approach has been adopted to budget management this year across the Council.
- 3.3 Staffing expenditure was significantly below budget across all Council Directorates, as posts were held vacant in order to assist in meeting the underspend targets set for each Directorate. In the main these posts have now either had to be filled or have been used as savings for the 2011/12 budget, therefore the position is not likely to be repeated. The economic downturn continued to have an impact upon the Council's finances, with shortfalls in income in a number of areas as highlighted below. These have been taken into account when setting the 2011/12 budget.
- 3.4 Within the overall net underspend of £120,000 for the year, the key budget variances were as follows;
- (i) Childrens Organisation & Provision (£399,000 underspend):- this was due to underspends on staffing costs from holding posts vacant during the year, savings in school transport through retendering contracts and reviewing services offered, and underspends relating to the Think Family grant.

- (ii) Learning & Achievement (£486,000 underspend):- this was primarily due to expenditure on staffing being significantly below budget due to a number of posts held vacant across the Department, particularly within the Advisory Service. Additional income has also been received from the Learn Together Partnership.
- (iii) Children & Families (£593,000 underspend):- in addition to staffing expenditure being significantly below budget due to posts being held vacant during the year, there were also significant underspends resulting from reductions in the number of out-of-Borough placements due to improved placement strategy and in-house foster care placements.
- (iv) Environment and Regulatory (£123,000 underspend):- as reported during the year there have been shortfalls in income from planning fees (£96,000) and building control fees (£69,000), open spaces external works (£180,000), parks and sports grounds (£104,000), trade waste (£63,000), bulky waste (£35,000), and street cleansing (£139,000). However, these were more than offset by a one-off underspend of £750,000 relating to transport costs for the new waste recycling contract, but this will not be repeated in 2011/12.
- (v) Employment, Economic Regeneration & Business Development (£336,000 underspend):- there was an overspend on repairs and maintenance relating to accommodation rationalisation, but this was offset by underspends in business rates for vacant industrial estate units and savings in water charges. There was a shortfall in recharges to capital projects as less schemes are being undertaken, however, this was more than offset by additional reimbursements and grant income relating to the future jobs fund.
- (vi) Legal & Democratic Services (£88,000 overspend):- as a result of low staff turnover within the Department the staff turnover saving target within the budget has not been achieved. In addition, the cost of essential legal publications has exceeded budget, however, lower cost online facilities have been contracted for 2011/12. Land search fee income continues to be below target due to the current slowdown in the construction industry.
- (vii) Policy & Performance (£31,000 overspend):- this is due to income from internal printing charges being below budget. As budgets come under increasing pressure so Directorates are reducing their printing requirements. This has had the effect of reducing the volume of work undertaken by the Print Unit with a consequential loss of income.

- (viii) Human Resources (£179,000 underspend):- this was due to a significant increase in income achieved from services delivered to schools and underspends in respect of training provision as training resources have been brought together under the new structural arrangements.
- (ix) Finance (£433,000 underspend):- this was primarily due to staffing vacancies across the Department, in particular within the Revenues and Benefits and Audit and Operational Finance Divisions.
- (x) Financial Arrangements (£3,010,000 overspend):- expenditure on capital financing and borrowing costs was below budget and investment income was higher than anticipated having secured advantageous fixed rates during 2009/10 but these are coming to an end and therefore income will be in line with budget for 2011/12. The transfers to reserves detailed in paragraphs 3.7 to 3.9 below have then been made from Financial Arrangements.
- (xi) Prevention & Commissioning Department (£115,000 underspend):- there have been shortfalls in income from client charges, however, these have been more than offset by underspends on staffing across the Department during the year.
- (xii) Enablement Department (£292,000 underspend):- staffing expenditure was significantly below budget due to difficulties in recruiting to social worker posts and additional PCT funding was received to meet costs at Oakmeadow.
- (xiii) Community Department (£165,000 underspend):- this primarily relates to additional income received in respect of a new contract with the Ormiston Bolingbroke Academy for their use of Brookvale Recreation Centre.

### **Reserves and Balances**

- 3.5 The Council's Reserves and Balances have been reviewed in accordance with the Reserves and Balances Strategy.
- 3.6 Total revenue spending for the year was £120,000 below budget (compared to £489,000 in the previous year). However, during the year unexpected Area Based Grant income of £72,000 was received and therefore as a result the Council's General Balances now stand at £7,367,000 an increase of £192,000 from the previous year.
- 3.7 During the year a target was set for each Directorate to underspend its budget by £0.5m in order to create a Transformation Fund of £2m. This has been achieved and the Fund is intended to meet those costs associated with the structural changes which the Council needs to make in order to balance its budget and shape the way it delivers

services. The Transformation Fund has been established at 31<sup>st</sup> March 2011 and redundancy costs totalling £738,000 have been met from the Fund in 2010/11, leaving a balance of £1,262,000 in the Fund.

- 3.8 The Council has received over 800 equal pay claims for which settlement offers have been made to a number of claimants. The future liability for the remaining claims is difficult to estimate however, the equal pay reserve now stands at £6m which is considered sufficient to meet the claims.
- 3.9 The Capital Reserve helps to fund the capital programme, particularly the development costs for the Mersey Gateway, and now stands at £1.7m. The Insurance Reserve has been increased by £0.5m to £3.9m primarily to cover the increased number of personal injury claims.

### **School Balances**

- 3.10 School balances have increased by £0.4m to £8.0m in total. This is made up from balances on Individual School Budgets (£3.2m) and Standards Fund grant (£4.8m). There is also £2.2m of unspent schools related funding held centrally which will carry forward to 2011/12. In addition, there is £0.8m of unspent Standards Fund grant held centrally, which along with the unspent Schools Standards Fund grant (£4.8m) must all be spent by 31st August 2011.

### **Capital Spending**

- 3.11 Appendix 2 presents a summary of spending against the 2010/11 Capital Programme. Capital spending totalled £43.0m, which is £7.7m below the revised capital programme of £50.6m.
- 3.12 This represents 85% delivery of the revised capital programme for which 20% slippage had been anticipated throughout the year. The main areas of significant slippage were in respect of Landfill Tax Credits, Castlefields Regeneration, and Widnes Waterfront.
- 3.13 The capital programme has been reviewed in line with the resolution regarding the proposed development of the former Runcorn market. Despite the fact that capital receipts are not being generated as quickly as expected, funding up to £750,000 can be made available. However, further capital projects will need to have their own funding in place to be able to be incorporated in the capital programme.

## **4.0 POLICY AND OTHER IMPLICATIONS**

- 4.1 There are none.

## **5.0 RISK ANALYSIS**

- 5.1 There are no risks associated with this report.

**6.0 EQUALITY AND DIVERSITY ISSUES**

6.1 There are none.

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

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

**APPENDIX 1**

**2010-11 Revenue Expenditure**

	<b>Budget</b>	<b>Actual Expenditure</b>	<b>Variance (overspend)</b>
	£'000	£'000	£'000
Childrens Organisation & Provision	6,323	5,924	399
Learning & Achievement	11,185	10,699	486
Children and Families	13,847	13,254	593
Schools	81,045	81,045	0
Direct Schools Grant	-81,045	-81,045	0
<b>Children and Young People Directorate</b>	<b>31,355</b>	<b>29,877</b>	<b>1,478</b>
Environment & Regulatory	15,469	15,346	123
Employment, Economic Regeneration & Business Development	4,692	4,356	336
Highways, Transportation and Logistics	18,728	18,670	58
<b>Environment Directorate</b>	<b>38,889</b>	<b>38,372</b>	<b>517</b>
Legal & Democratic Services	3,387	3,475	(88)
Policy & Performance	1,477	1,508	(31)
Human Resources	44	-135	179
Finance	5,278	4,845	433
ICT Services	84	22	62
<b>Resources Directorate</b>	<b>10,270</b>	<b>9,715</b>	<b>555</b>
Prevention & Commissioning	23,403	23,288	115
Complex	8,190	8,187	3
Enablement	5,346	5,054	292
Community	12,823	12,658	165
Stadium & Catering Services	2,049	2,044	5
<b>Adults and Community Directorate</b>	<b>51,811</b>	<b>51,231</b>	<b>580</b>
<b>Financial Arrangements</b>	<b>-5,025</b>	<b>-2,015</b>	<b>(3,010)</b>
	<b>127,300</b>	<b>127,180</b>	<b>120</b>

**APPENDIX 2**

**2010-11 Capital Expenditure**

	<b>Revised Allocation</b>	<b>Actual Expenditure</b>	<b>Variance (overspend)</b>
	£'000	£'000	£'000
<b>Children &amp; Young People Directorate</b>			
Childrens Organisation & Provision	8,850	7,936	914
<b>Sub Total</b>	<b>8,850</b>	<b>7,936</b>	<b>914</b>
<b>Environment Directorate</b>			
Highways, Transportation & Logistics	21,475	20,557	918
Environmental & Regulatory	1,780	1,082	698
Employment, Economic Regeneration & Business Development	12,917	9,493	3,424
<b>Sub Total</b>	<b>36,172</b>	<b>31,132</b>	<b>5,040</b>
<b>Adults &amp; Community Directorate</b>			
Prevention & Commissioning	3,514	2,516	998
Community	80	76	4
Enablement	684	42	642
<b>Sub Total</b>	<b>4,278</b>	<b>2,634</b>	<b>1,644</b>
<b>Resources Directorate</b>			
ICT Services	1,324	1,261	63
<b>Sub Total</b>	<b>1,324</b>	<b>1,261</b>	<b>63</b>
	<b>50,624</b>	<b>42,963</b>	<b>7,661</b>