

REPORT TO: Executive Board Sub Committee
DATE: 3rd December 2009
REPORTING OFFICER: Operational Director – Financial Services
SUBJECT: 2009/10 Half Year Spending
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To report the Council's overall revenue and capital spending position as at 30th September 2009.

2.0 RECOMMENDED: That;

- (1) the report be noted;**
- (2) budget managers continue to closely monitor and control spending and income levels, to ensure that overall spending remains in line with budget by year-end.**

3.0 SUPPORTING INFORMATION

Revenue Spending

- 3.1 Appendix 1 presents a summary of spending against the revenue budget for each Department, up to 30th September 2009. In overall terms, revenue expenditure is below the budget profile, however, this is only a guide to eventual spending.
- 3.2 Spending on employees is below the budget profile which is primarily due to the delay in settling the 2009 Pay Award. The budget included 2.5% for the pay award, which has now been settled at just over 1% in total and the new rates were paid in October along with the arrears of pay. As a result budgets will be revised to reflect the actual pay award. However, this will be partly offset by the additional 0.3% awarded in respect of the 2008 Pay Award following arbitration, which is 0.25% higher than budget.
- 3.3 Following the Pay and Grading Review, appeals for the Health & Community Directorate have been completed resulting in a total additional cost in the year of £280,000. This comprises £141,000 relating to one-off back-pay costs which have been met from reserves and £139,000 for on-going additional annual costs which will need to be contained within existing Directorate budgets. Appeals in respect of the other Directorates are on-going, as are negotiations regarding the standardisation of terms for Premium Pay.

- 3.4 Electricity costs are expected to be approximately £163,000 below budget by year-end, following the commencement of a new contract in October 2009, which was secured at favourable prices.
- 3.5 Investment returns are still in line with budget despite low interest rates, due to having locked-in to higher rate investments which will expire during this financial year. As a result investment income will fall significantly next year.
- 3.6 Income is currently below budget profile in a number of areas, some of which may reflect the economic downturn and at this stage appear likely to be below budget by year-end. These areas include trade waste collection, bulky waste collection, planning fees, building control fees, land search fees, market rents, industrial estate rents and commercial rents. It is expected that these shortfalls will continue into next year.
- 3.7 Despite these lower income levels, net spending across Departments continues to be below the budget profile. At this stage therefore, it does not appear that shortfalls in income are having an adverse effect upon the budget. However, this may be due to delays in spending and will need to be kept under close scrutiny by Directorates during the second half of the year. It is therefore important that budget managers continue to closely monitor and control spending and income to ensure that overall spending remains in line with budget by year-end.

General Contingency

- 3.8 The following allocations have been made from the General Contingency during the first half of the financial year;
- Additional social workers in relation to safeguarding children £120,000
 - Increase in out of Borough placements £300,000
 - Additional legal costs in relation to safeguarding children £49,000

Capital Spending

- 3.9 A summary of capital spending is shown in Appendix 2. Capital spending to 30th September 2009 totalled £10.7m, which is 69% of the planned spending of £15.4m at this stage. However, this only represents 29% of the total capital programme of £37.5m (which assumes a 20% slippage between years).
- 3.10 The main areas of programme slippage to date are in respect of Mersey Gateway advance land acquisition and Bridge maintenance.
- 3.11 Although historically capital expenditure is significantly higher in the latter part of the financial year, it is important that project managers maintain pressure to keep projects and spending on schedule and in particular to ensure that all external funding is maximised.

Balance Sheet

- 3.12 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. In particular, collection rates for general debtors and council tax are currently in line with expectations, despite the recession. The level of reserves and balances will however, be reviewed again at year-end and adjusted as considered necessary in accordance with the Strategy.
- 3.13 Following the Government's announcement of a capitalisation direction in respect of Mersey Gateway development costs for 2008/09, prior year adjustments have been made in respect of costs relating to 2006/07 and 2007/08 which has reduced the level of the Capital Reserve with a corresponding increase in capital receipts. Future expenditure on Mersey Gateway development costs will be treated as revenue expenditure and funded from the Capital Reserve.
- 3.14 A significant number of equal pay claims have been lodged with the Council as part of the national single status agreement. These are being considered by our legal advisers and will result in a significant cost falling on the Council, although the timescales are as yet uncertain.

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.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 None.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072

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

APPENDIX 1

Revenue Expenditure to 30th September 2009

Directorate / Department	Annual Budget	Budget To Date	Actual Spend	Variance To Date	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
Specialist Services	13,869	5,939	5,882	57	6,270
Business Planning & Commissioning	5,060	-1,612	-1,641	29	-1,496
Universal & Learning Services	4,523	2,302	2,227	75	2,261
Preventative Services	6,426	2,990	2,880	110	2,926
Children and Young People	29,878	9,619	9,348	271	9,961
Environmental Health & Regulatory	13,231	6,696	6,659	37	6,753
Highways & Transportation	14,898	4,787	4,377	410	5,222
Major Projects	645	522	526	(4)	555
Regeneration	1,457	848	733	115	775
Stadium, Catering & Cleaning	2,179	1,184	1,231	(47)	1,231
Environment	32,410	14,037	13,526	511	14,536
Legal, HR & Organisation Development	3,174	1,552	1,581	(29)	1,628
Policy & Performance	2,592	1,363	1,258	105	1,370
Exchequer & Customer Services	5,379	8,820	8,413	407	8,610
Financial Services	-57	-70	-95	25	-87
ICT Services	4	-329	-333	4	-339
Property Services	49	-499	-381	(118)	80
Financial Arrangements	-12,691	359	142	217	142
Corporate and Policy	-1,550	11,196	10,585	611	11,404
Culture & Leisure Services	12,943	4,712	4,704	8	6,891
Adult Services	14,512	5,450	5,405	45	5,580
Health & Partnerships	2,718	1,310	1,252	58	1,473
Older People	14,556	3,895	3,487	408	3,863
Health and Community	44,729	15,367	14,848	519	17,807
	105,467	50,219	48,307	1,912	53,708

Capital Expenditure to 30th September 2009

Directorate	Actual Expenditure to Date £'000	2009/10 Cumulative Capital Allocation			Capital Allocation 2010/11 £'000	Capital Allocation 2011/12 £'000
		Quarter 2 £'000	Quarter 3 £'000	Quarter 4 £000		
Children & Young People	2,249	2,479	5,154	6,388	13,848	658
Environment						
Environmental & Regulatory	434	727	800	1,404	562	455
Highways & Transportation	5,861	9,007	14,954	21,746	29,412	34,757
Major Projects	246	615	1,798	11,055	7,327	1,034
Total	6,541	10,349	17,552	34,205	37,301	36,246
Health & Community						
Culture & Leisure	710	945	1,158	1,636	165	0
Health and Partnerships	599	776	1,245	2,143	2,056	363
Older People	115	130	160	293	0	0
Adult Services	0	17	17	17	161	81
Total	1,424	1,868	2,580	4,089	2,382	444
Corporate & Policy						
Policy & Performance	0	0	0	0	120	120
ICT Services	382	500	1,000	1,549	1,100	1,100
Property Services	152	163	283	649	3,016	346
Total	534	663	1,283	2,198	4,236	1,566
Sub-Total	10,748	15,359	26,569	46,880	57,767	38,914
Slippage (20%)				-9,380	-11,550	-7,780
					9,380	11,550
Total	10,748	15,359	26,569	37,500	55,597	42,684