

**REPORT TO:** Executive Board Sub Committee  
**DATE:** 4<sup>th</sup> March 2010  
**REPORTING OFFICER:** Operational Director – Financial Services  
**SUBJECT:** Spending as at 31<sup>st</sup> December 2009  
**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 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 31<sup>st</sup> December 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 was actually 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 is 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 and Environment Directorates have been completed, for which one-off back-pay costs have been met from reserves whilst on-going additional costs will need to be contained within existing 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 £160,000 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 and therefore they have been taken into account within the Medium Term Financial Forecast.
- 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 overall budget. However, this may be due to delays in spending and will need to be kept under close scrutiny by Directorates during the final quarter 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 financial year;
- Additional social workers in relation to safeguarding children £120,000
  - Increased external legal fees in respect of Childrens Services £170,000.
  - Increase in out of Borough placements £300,000
  - Additional legal support in relation to safeguarding children £49,000
  - Increased costs for Bereavement Services in respect of the swine flu pandemic £25,000

#### **Capital Spending**

- 3.9 A summary of capital spending is shown in Appendix 2. Capital spending to 31<sup>st</sup> December 2009 totalled £19.0m, which is 78% of the planned spending of £24.5m at this stage. However, this only represents 56% of the total capital programme of £33.8m (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. 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**

- 3.11 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. Collection rates for general debtors and council tax are currently in line with expectations, despite the economic downturn. The level of reserves and balances will be reviewed again at year-end and adjusted as considered necessary in accordance with the Strategy.
- 3.12 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 31<sup>st</sup> December 2010

Directorate / Department	Annual Budget	Budget To Date	Actual Spend	Variance To Date	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
Specialist Services	13,999	9,757	9,610	147	9,970
Business Planning & Commissioning	5,034	-1,621	-2,005	384	-1,899
Universal & Learning Services	4,207	3,240	3,075	165	3,099
Preventative Services	6,439	4,553	4,391	162	4,453
<b>Children and Young People</b>	<b>29,679</b>	<b>15,929</b>	<b>15,071</b>	<b>858</b>	<b>15,623</b>
Environmental Health & Regulatory	12,816	9,702	10,075	(373)	9,651
Highways & Transportation	14,963	7,362	7,057	305	8,160
Major Projects	693	362	407	(45)	411
Regeneration	1,468	1,297	1,130	167	1,156
Stadium, Catering & Cleaning	2,419	1,840	1,944	(104)	1,964
<b>Environment</b>	<b>32,359</b>	<b>20,563</b>	<b>20,613</b>	<b>(50)</b>	<b>21,342</b>
Legal, HR & Organisation Development	3,047	2,085	2,269	(184)	2,560
Policy & Performance	2,635	2,032	1,934	98	2,072
Exchequer & Customer Services	4,810	7,962	7,533	429	7,654
Financial Services	53	-1	-34	33	-18
ICT Services	171	-444	-507	63	-194
Property Services	11	-700	-649	(51)	627
Financial Arrangements	-12,229	2,442	2,174	268	2,379
<b>Corporate and Policy</b>	<b>-1,502</b>	<b>13,376</b>	<b>12,720</b>	<b>656</b>	<b>15,080</b>
Culture & Leisure Services	12,983	6,564	6,521	43	7,607
Adult Services	14,642	8,705	8,425	280	8,700
Health & Partnerships	2,744	2,524	2,438	86	2,714
Older People	14,562	6,123	5,459	664	5,805
<b>Health and Community</b>	<b>44,931</b>	<b>23,916</b>	<b>22,843</b>	<b>1,073</b>	<b>24,826</b>
	<b>105,467</b>	<b>73,784</b>	<b>71,247</b>	<b>2,537</b>	<b>76,871</b>

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

Directorate	Actual Expenditure to Date £'000	2009/10 Cumulative Capital Allocation		Capital Allocation 2010/11 £'000	Capital Allocation 2011/12 £'000
		Quarter 3 £'000	Quarter 4 £000		
<b>Children &amp; Young People</b>	<b>2,801</b>	<b>3,434</b>	<b>6,388</b>	<b>13,848</b>	<b>658</b>
<b>Environment</b>					
Environmental & Regulatory	494	780	1,374	532	425
Highways & Transportation	11,711	14,975	21,746	29,412	34,757
Major Projects	774	1,411	6,398	11,128	9,620
<b>Total</b>	<b>12,979</b>	<b>17,166</b>	<b>29,518</b>	<b>41,072</b>	<b>44,802</b>
<b>Health &amp; Community</b>					
Culture & Leisure	720	1,158	1,636	165	0
Health and Partnerships	1,060	1,262	2,160	2,386	363
Older People	169	160	293	0	0
Adult Services	0	0	0	161	81
<b>Total</b>	<b>1,949</b>	<b>2,580</b>	<b>4,089</b>	<b>2,712</b>	<b>444</b>
<b>Corporate &amp; Policy</b>					
Policy & Performance	0	0	0	120	120
ICT Services	968	1,000	1,549	1,100	1,100
Property Services	261	333	649	3,016	346
<b>Total</b>	<b>1,229</b>	<b>1,333</b>	<b>2,198</b>	<b>4,236</b>	<b>1,566</b>
<b>Sub-Total</b>	<b>18,958</b>	<b>24,513</b>	<b>42,193</b>	<b>61,868</b>	<b>47,470</b>
Slippage (20%)			-8,440	-12,370	-9,494
				8,440	12,370
<b>Total</b>	<b>18,958</b>	<b>24,513</b>	<b>33,753</b>	<b>57,938</b>	<b>50,346</b>