

REPORT TO: Executive Board Sub Committee
DATE: 12 February 2009
REPORTING OFFICER: Operational Director – Financial Services
SUBJECT: Spending as at 31st December 2008
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To report the Council's overall revenue and capital spending position as at 31st December 2008.

2.0 RECOMMENDED: That the report be noted.

3.0 SUPPORTING INFORMATION

Revenue Spending

- 3.1 Appendix 1 presents a summary of spending against the revenue budget for each Department, up to 31st December 2008. In overall terms, revenue expenditure is below the budget profile. The budget profile is only a guide to eventual spending, however, it is anticipated that overall spending will be managed as set out in the Budget Strategy in order to make the planned contribution of £2m to the Invest to Save Fund.
- 3.2 The additional costs arising from the Pay and Grading Review exceeded the £1.5m provision, with the additional costs being met from the General Contingency. However, some elements of the Pay and Grading Review such as premium pay and appeals have not yet been finalised. Furthermore, spending is historically higher in the latter part of the financial year, therefore, it is important that budget managers continue to closely monitor and control spending in order to make the planned contribution to the Invest to Save Fund.
- 3.3 Within the overall position there are significant numbers of vacant staff posts within Departments. However, some areas are also showing signs of budget pressures, where inflationary and economic pressures are having an effect as a result of the global "credit crunch", particularly in terms of fuel, energy and food costs.
- 3.4 Expenditure on Childrens' Agency Placements is currently significantly above the budget profile, due to the volatile and demand led nature of services, whilst spending on Foster Carers is significantly below budget profile due to a reduction in the number of available Carers. Forecasts indicate that the combined expenditure for these two areas may exceed budget by approximately £350,000 by year-end.

- 3.5 As a result of contract renewals, Street Lighting costs are currently below budget profile and are expected to be below budget by year-end.
- 3.6 In terms of Community Care, spending on Home Care and Direct Payments is currently higher than the budget profile, as more elderly people are being supported at home and with increasing levels of need. However, this has resulted in Residential Care costs being significantly below the budget profile.
- 3.7 Income is below budget profile in a number of areas, some of which may reflect the economic downturn, including; Trade and Bulky Waste Collection, Planning Fees, Building Control Fees, Stadium Sales Income, Land Search Fees, Market Rents and Industrial Estate Rents.
- 3.8 Investment returns are currently better than expected despite the volatility in the financial markets, due to having locked-in to higher rate investments earlier in the financial year. As a result investment income is expected to exceed the budget target by year-end.

Local Strategic Partnership

- 3.9 Spending to date in terms of Local Strategic Partnership (LSP) related schemes is currently £2.4m below the budget profile and represents only 38% of the £6.4m total available funding.

Capital Spending

- 3.10 A summary of capital spending is shown in Appendix 2. Capital spending to 31st December 2008 totalled £25.3m, which is 70% of the planned spending of £36.1m at this stage. However, this only represents 52% the total capital programme of £48.3m, although the Department for Transport have approved the carry forward of £1.6m in respect of Local Transport Plan (LTP) expenditure.
- 3.11 The main areas of programme slippage to date are in respect of Mersey Gateway advance land acquisition, vehicle fleet replacement, Castlefields regeneration, 3MG, and Widnes Waterfront.
- 3.12 Although historically capital expenditure is significantly higher in the latter quarter 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

- 3.13 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 "credit crunch". The level of reserves and balances will however, be reviewed

again at year-end and adjusted as considered necessary in accordance with the Strategy.

- 3.14 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 The Council must have 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 31st December 2008

	Annual Budget	Budget To Date	Actual Spend	Variance To Date	Actual Including Committed
	£'000	£'000	£'000	£'000	£'000
Specialist Services	12,685	7,463	7,396	67	7,396
Business Planning & Commissioning	5,302	-2,301	-2,748	447	-2,739
Universal & Learning Services	2,327	1,500	1,388	112	1,394
Preventative Services	8,171	3,935	3,651	284	3,684
Children and Young People Directorate	28,485	10,597	9,687	910	9,735
Environmental Health & Regulatory	12,415	9,604	9,184	420	9,304
Highways & Transportation	13,875	6,169	5,286	883	6,414
Major Projects	494	143	143	0	144
Regeneration	1,509	921	909	12	970
Stadium, Catering & Cleaning	1,900	1,516	1,735	(219)	1,744
Environment Directorate	30,193	18,353	17,257	1,096	18,576
Legal, HR & Organisation Development	2,206	3,204	3,257	(53)	3,605
Policy & Performance	3,487	1,796	1,684	112	1,743
Exchequer & Customer Services	4,604	8,343	8,261	82	8,306
Financial Services	17	1,083	990	93	995
ICT Services	-83	2,301	2,276	25	2,960
Property Services	893	4,253	4,401	(148)	5,483
Financial Arrangements	-12,124	-762	-1,244	482	-1,244
Corporate and Policy Directorate	-1,000	20,218	19,625	593	21,848
Culture & Leisure Services	12,464	4,174	4,164	10	4,770
Adult Services	13,720	7,178	7,250	(72)	7,777
Health & Partnerships	3,130	1,043	981	62	1,351
Older People	14,903	8,236	7,344	892	7,514
Health and Community Directorate	44,217	20,631	19,739	892	21,412
	101,895	69,799	66,308	3,491	71,571

APPENDIX 2

Capital Expenditure to 31st December 2008

	Capital Allocation	Allocation Profile To Date	Actual Expenditure	Total Remaining Allocation
	£'000	£'000	£'000	£'000
Children & Young People Directorate				
Business Planning & Commissioning	5,313	4,589	3,433	1,880
Environment Directorate				
Environmental & Regulatory	930	443	314	616
Highways & Transportation	23,884	18,297	13,676	10,208
Major Projects	10,019	6,803	3,755	6,264
Stadium	58	48	48	10
Health & Community Directorate				
Culture & Leisure	1,544	647	297	1,247
Health and Partnerships	2,380	2,027	1,202	1,178
Older People	172	48	0	172
Adult Services	59	0	0	59
Corporate & Policy Directorate				
Policy & Performance	120	100	75	45
ICT Services	2,323	1,937	1,357	966
Property Services	1,532	1,198	1,142	390
	48,334	36,137	25,299	23,035