

**REPORT TO:** Executive Board Sub Committee  
**DATE:** 18<sup>th</sup> November 2010  
**REPORTING OFFICER:** Operational Director – Finance  
**SUBJECT:** 2010/11 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 30<sup>th</sup> September 2010.

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

## **3.0 SUPPORTING INFORMATION**

### **Revised Budget and Capital Programme**

3.1 Following the Government's announcement of in-year grant reductions, the Council on 1<sup>st</sup> September 2010 approved a revised revenue budget and capital programme for 2010/11. The reductions approved by Council have been made to the relevant Departments' budgets and capital programme.

### **Revenue Spending**

3.2 Appendix 1 presents a summary of spending against the revenue budget for each Department, up to 30<sup>th</sup> September 2010. Although the budget profile is only a guide to eventual spending total revenue expenditure is almost £3m below the profile. This indicates that, in normal circumstances, overall spending would be within budget at the year end.

3.3 The Comprehensive Spending Review means that the funding gap is now predicted to increase over the next three years. As a consequence the likelihood of early retirements and redundancies is increased, and some of which could well take place in this financial year. These costs have not been included in the budget and would lead to the Council overspending its budget and thereby reducing balances. This would reduce any flexibility in using balances to help with next year's budget

3.4 To avoid this it has been agreed by Management Team that Directorates take steps to limit spending this year by £500,000 each. As a result £2m would become available to fund any redundancy costs and also increase any savings generated in this way.

3.5 Spending on employees is generally below the budget profile at this stage. This is partly due to delays in filling vacancies following the organisational restructuring from 1<sup>st</sup> April 2010, particularly in ICT and Support Services. In addition, there are a number of vacant posts within

Employment, Economic Regeneration & Business Development and Revenues & Benefits. The 2010/11 budget also included 1.0% for the pay award, however, the employers have offered a zero increase and therefore budgets will now be revised.

- 3.6 Spending on Agency Staff is more at this stage of the year than was the case last year. Directorates should closely control spending on Agency staff so that spending is limited to the absolutely essential.
- 3.7 Expenditure on Childrens within-Borough Foster Care Placements is below budget profile. Costs are expected to increase later in the year following a review of placement strategy, but with offsetting reductions in Agency Placement costs.
- 3.8 Community Care expenditure is currently below budget profile, however, costs falling upon this budget are beginning to increase steadily and are therefore likely to be more in line with budget by year-end. This budget therefore needs to be closely monitored during the second half of the year.
- 3.9 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 currently 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. These income budgets will need to be closely monitored and steps taken to reduce related expenditure if income levels do not improve.
- 3.10 Highways income is above budget profile due to increased income from defects and charges to utilities arising from prolonged occupation of highways. Collection rates for both Council Tax and Business Rates are marginally higher than last year despite the economic downturn and continue to be above the average for North West Councils.
- 3.11 Spending on the Local Strategic Partnership is below budget profile. The Comprehensive Spending Review has confirmed that the Working Neighbourhoods Fund grant is to cease at the end of this financial year. As a result the Partnership is to review its spending programme.

### **Capital Spending**

- 3.12 A summary of capital spending is shown in Appendix 3. Capital spending to 30<sup>th</sup> September 2010 totalled £14.4m, which is 86% of the planned spending of £16.6m at this stage. However, this only represents 32% of the total revised capital programme of £44.4m (which assumes a 20% slippage between years).
- 3.13 The main areas of programme slippage to date are in respect of Upton All Saints Primary School and Mersey Gateway advance land acquisitions.
- 3.14 The Capital Programme was developed in a different financial climate and therefore all expenditure on schemes should continue to be

scrutinised to ensure it is absolutely essential. Given the considerable reductions to capital spending announced in the Comprehensive Spending Review, Management Team has agreed to review the Council's capital programme.

### **Balance Sheet**

- 3.15 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.
- 3.16 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. In preparing the 2010/11 budget, a register of significant financial risks was prepared which is updated and monitored throughout the year.

## **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.

## **APPENDIX 1**

### **Revenue Expenditure to 30<sup>th</sup> September 2010**

Directorate / Department	Annual Budget	Budget To Date	Actual Spend	Variance To Date	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
Children and Families Services	9,427	3,404	3,256	148	3,617
Children's Organisation and Provision	7,071	-5,866	-5,988	122	-5,281
Learning and Achievement Services	11,702	2,964	2,880	84	2,954
<b>Children and Young People</b>	<b>28,200</b>	<b>502</b>	<b>148</b>	<b>354</b>	<b>1,290</b>
Environment & Regulatory Services	13,262	6,197	6,574	(377)	6,628
Highways, Transportation & Logistics	12,847	4,043	3,770	273	5,156
Employment, Economic Regeneration & Business Development	6,428	3,132	2,895	237	4,540
<b>Environment and Economy</b>	<b>32,537</b>	<b>13,372</b>	<b>13,239</b>	<b>133</b>	<b>16,324</b>
Human Resources	2,147	969	948	21	1,063
Policy & Performance	3,672	1,992	1,984	8	1,943
Legal and Democratic Services	2,573	1,308	1,247	61	1,267
Finance	7,080	8,103	7,777	326	7,855
ICT and Support Services	7,416	3,988	3,873	115	4,626
Financial Arrangements	-10,186	-568	-649	81	-649
<b>Resources</b>	<b>12,702</b>	<b>15,792</b>	<b>15,180</b>	<b>612</b>	<b>16,105</b>
Community	12,698	5,181	5,156	25	7,187
Catering and Stadium	1,453	480	491	(11)	658
Prevention and Commissioning	19,459	8,151	7,874	277	8,623
Complex Needs	8,284	3,735	3,703	32	4,063
Enablement	4,597	2,167	2,207	(40)	2,608
<b>Adults and Community</b>	<b>46,491</b>	<b>19,714</b>	<b>19,431</b>	<b>283</b>	<b>23,139</b>
<b>Local Strategic Partnership</b>	<b>7,370</b>	<b>3,562</b>	<b>1,969</b>	<b>1,593</b>	<b>1,969</b>
	<b>127,300</b>	<b>52,942</b>	<b>49,967</b>	<b>2,975</b>	<b>58,827</b>

APPENDIX 3

Capital Expenditure to 30<sup>th</sup> September 2010

Directorate	Actual Expenditure to Date £'000	2010/11 Cumulative Capital Allocation			Capital Allocation 2011/12 £'000	Capital Allocation 2012/13 £'000
		Quarter 2 £'000	Quarter 3 £'000	Quarter 4 £000		
<b>Children &amp; Young People</b>	<b>4,165</b>	<b>4,956</b>	<b>7,180</b>	<b>9,103</b>	<b>602</b>	<b>0</b>
<b>Environment &amp; Economy</b>						
Environment & Regulatory Services	290	658	997	1,494	861	665
Highways, Transportation & Logistics	6,498	7,664	17,155	24,975	46,258	11,674
Employment, Economic Regeneration & Business Development	2,357	2,422	4,170	14,330	9,994	872
<b>Total</b>	<b>9,145</b>	<b>10,744</b>	<b>22,322</b>	<b>40,799</b>	<b>57,113</b>	<b>13,211</b>
<b>Adults &amp; Community</b>						
Community	3	30	40	50	0	0
Catering & Stadium	3	19	25	30	30	30
Prevention & Commissioning	798	580	1,796	3,510	444	0
Enablement	0	33	164	684	0	0
<b>Total</b>	<b>804</b>	<b>662</b>	<b>2,025</b>	<b>4,274</b>	<b>474</b>	<b>30</b>
<b>Resources</b>						
Legal & Democratic Services	0	0	0	0	120	120
ICT & Support Services	234	210	647	1,324	1,100	1,100
<b>Total</b>	<b>234</b>	<b>210</b>	<b>647</b>	<b>1,324</b>	<b>1,220</b>	<b>1,220</b>
<b>Sub-Total</b>	<b>14,348</b>	<b>16,572</b>	<b>32,174</b>	<b>55,500</b>	<b>59,409</b>	<b>14,461</b>
Slippage (20%)				-11,100	-11,882	-2,892
<b>Total</b>	<b>14,348</b>	<b>16,572</b>	<b>32,174</b>	<b>44,400</b>	<b>58,627</b>	<b>23,451</b>