

REPORT TO: Executive Board Sub Committee
DATE: 10th September 2009
REPORTING OFFICER: Operational Director – Financial Services
SUBJECT: Spending as at 30th June 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 30th June 2009.

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 30th June 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. This is primarily due to the delay in settling the 2009 Pay Award. The budget includes 2.5% for the pay award and the latest offer is around 1%. However, the arbitration decision regarding the 2008 Pay Award increased the award by 0.3% to 2.75% in total, which is 0.25% higher than budget.

3.3 Following the Pay and Grading Review, a number of appeals have been completed so far which have resulted in a total additional cost in the year of £280,000. This comprises £141,000 relating to one-off back-pay costs and £139,000 for on-going additional annual costs. The back-pay element arising from appeals can be met from Reserves, but on-going costs will need to be contained within existing Directorate budgets. Negotiations are still on-going regarding the standardisation of terms for Premium Pay.

3.4 A new electricity contract will commence in October 2009 which has been secured at favourable prices and therefore it is anticipated that total energy expenditure for the year will be approximately £163,000 below budget.

3.5 Investment returns are 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, stadium income, land search fees, market rents, industrial estate rents and commercial rents.

3.7 Despite these lower income levels, net spending across Departments is below the budget profile. At this stage therefore, it does not appear that shortfalls in income are having an adverse effect upon the Council's overall net budget. However, this may be due to delays in spending and will need to be kept under close scrutiny by Directorates. 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 There have already been a number of calls upon the General Contingency as follows;

- 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 June 2009 totalled £3.8m, which is 57% of the planned spending of £6.7m at this stage. However, this only represents 10% of the total capital programme of £36.7m (which assumes a 20% slippage between years).

3.10 The main area of programme slippage to date is in respect of Mersey Gateway advance land acquisition.

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 The Government announced recently that the Council's application for a capitalisation direction in respect of Mersey Gateway development costs for 2008/09 had been successful. However, prior year adjustments will be required in respect of costs relating to 2006/07 and 2007/08 which will reduce 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.

Directorate / Department	Annual Budget	Budget To Date	Actual Spend	Variance To Date	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
Specialist Services	13,878	2,688	2,420	268	2,758
Business Planning & Commissioning	5,063	-305	-307	2	-251
Universal & Learning Services	4,661	1,364	1,221	143	1,228
Preventative Services	6,234	1,770	1,739	31	1,780
Children and Young People	29,836	5,517	5,073	444	5,515
Environmental Health & Regulatory	13,143	3,354	3,360	(6)	3,520
Highways & Transportation	14,854	2,431	2,147	284	3,773
Major Projects	875	157	148	9	148
Regeneration	1,480	524	488	36	509
Stadium, Catering & Cleaning	2,167	584	580	4	598
Environment	32,519	7,050	6,723	327	8,548
Legal, HR & Organisation Development	2,999	736	723	13	912
Policy & Performance	2,749	797	715	82	835
Exchequer & Customer Services	6,386	9,912	9,611	301	9,614
Financial Services	0	-19	-44	25	-39
ICT Services	-146	-207	-223	16	-73
Property Services	372	-132	-106	(26)	920
Financial Arrangements	-14,094	243	-3	246	44
Corporate and Policy	-1,734	11,330	10,673	657	12,213
Culture & Leisure Services	13,098	2,916	2,909	7	3,549
Adult Services	14,443	2,391	2,302	89	2,462
Health & Partnerships	2,776	371	313	58	507
Older People	14,529	2,188	1,963	225	2,349
Health and Community	44,846	7,866	7,487	379	8,867
	105,467	31,763	29,956	1,807	35,143

APPENDIX 2

Capital Expenditure to 30th June 2009

Directorate	Actual Expenditure to Date £'000	2009/10 Cumulative Capital Allocation				Capital Allocation 2010/11 £'000	Capital Allocation 2011/12 £'000
		Quarter 1 £'000	Quarter 2 £'000	Quarter 3 £'000	Quarter 4 £000		
Children & Young People	789	756	2,409	3,838	5,370	12,501	58
Environment							
Environmental & Regulatory	194	193	193	193	735	495	425
Highways & Transportation	1,884	4,203	8,961	14,937	21,746	21,412	30,250
Major Projects	162	435	858	2,176	10,737	6,780	2,564
Total	3,769	6,351	12,582	20,606	36,956	31,287	33,239
Health & Community							
Culture & Leisure	371	507	919	1,158	1,665	215	0
Health and Partnerships	121	361	776	1,245	3,472	0	0
Older People	2	0	18	48	178	0	0
Adult Services	0	0	17	17	100	161	0
Total	494	868	1,730	2,468	5,415	376	0
Corporate & Policy							
Policy & Performance	0	0	0	0	0	120	120
ICT Services	175	175	175	175	1,466	1,100	1,100
Property Services	52	53	93	193	300	300	300
Total	227	228	268	368	1,766	1,520	1,520
Sub-Total	3,750	6,683	14,419	23,980	45,769	43,084	34,817
Slippage (20%)					-9,150	-8,620	-6,960
Total	3,750	6,683	14,419	23,980	36,619	43,614	36,477