

**Business Overview and Scrutiny Committee**  
**Tuesday, 5 March 2019**

<b>REPORT TITLE:</b>	<b>Financial Monitoring Report Quarter 3 2018/19</b>
<b>REPORT OF:</b>	<b>Director of Finance &amp; Investment (S151)</b>

**REPORT SUMMARY**

This report sets out the financial monitoring information for the Business Overview & Scrutiny Committee. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information is at close of quarter 3 2018/19.

Information has been drawn from the relevant sections of the most recent Cabinet revenue and capital monitoring reports and combined with additional relevant service information to produce a bespoke report for this Overview & Scrutiny Committee. The report includes the following:

- Performance against the revenue budget (including savings)
- Performance against the capital budget

**RECOMMENDATION/S**

- 1 That members note the report and appendices.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

1.1 Overview and Scrutiny Committees receive regular financial updates throughout the year. These allow Committees to understand the financial position of the council and to scrutinise decisions and performance as required.

### 2.0 OTHER OPTIONS CONSIDERED

2.1 Not applicable

### 3.0 BACKGROUND INFORMATION

3.1 The position financially at quarter 3 for the council as a whole was presented at cabinet on the 18<sup>th</sup> of February 2019. The quarter 3 revenue forecast is an overall overspend of £0.72 million for the year. Delivery Services forecast overspends making up all of this.

The quarter 3 capital report recommends that Cabinet agree the 2018/19 Capital Programme of £53.5 million which takes into account re-profiling identified during 2018/19. Expenditure to date is £33.3 million.

#### 3.1.0 CHANGES TO THE AGREED BUDGET ENVIRONMENT

3.1.1 The 2018/19 Budget was agreed by Council on 5 March 2018. Any increase to the overall Council Budget (but not use of the existing budget contingency) requires agreement by full Council. The Business Theme includes activity from 5 Cabinet portfolios as shown in table 1 below.

**Table 1: 2018/19 Original & Revised Net Budget**

Theme	Portfolio	Q2 Budget	Budget Changes Q3	Revised Net Budget
		£000	£000	£000
Business	Finance and Income Generation	-349	-497	-846
	Highways and Transport	39,700	-4	39,696
	Jobs and Growth	1,107	508	1,615
	Law and Order	4,349	-16	4,333
	Leader of the Council	8,991	30	9,021
<b>Net Cost of Services</b>		<b>53,798</b>	<b>21</b>	<b>53,819</b>

Budget movements in quarter three cover a number of issues. The largest of these is the movement of £0.5m from Finance and Income Generation to Jobs and Growth. This is an allocation of transformation budget for project work. These movements have no effect on the bottom line budget of the Council and are just adjustments to better reflect where budgets should be placed.

### 3.2.0 PROJECTIONS AND KEY ISSUES

3.2.1 The projected outturn position as at the end of December 2018 and Wirral Plan: 2020 Vision Themes updates are detailed in the following sections.

**Table 2: 2018/19 Projected Budget variations**

Theme	Portfolio	Revised Budget	Forecast Outturn	(Under) Overspend Quarter 3
Business	Finance and Income Generation	-846	-761	85
	Highways and Transport	39,696	39,971	275
	Jobs and Growth	1,615	1,716	101
	Law and Order	4,333	4,390	57
	Leader of the Council	9,021	9,021	0
<b>TOTAL</b>		<b>53,819</b>	<b>54,337</b>	<b>518</b>

#### Finance and Income Generation

A minor overspend in this portfolio is made up of IT services overspends which are netted down by underspends within Treasury management and Change Management.

#### Highways and Transport

There are two main areas of over spend in this portfolio. The first is the anticipated high costs for Winter Maintenance this year. Initially forecasts are for a harsh winter this year which will see an increased gritting schedule, with the associated increased costs in salt and transport. The second is reduced levels of expected car parking income.

#### Jobs and Growth

This variance is due to legal costs relating to the Wirral Waters One/Legacy project.

#### Law and Order

Community Safety is currently projected to overspend due extra staffing costs above budget. There are plans to mitigate this through a community safety staffing review and an admin review across the Safer Wirral Hub.

### 3.3.0 IMPLEMENTATION OF SAVINGS

3.3.1 A summary of the position of 2018/19 Business savings at 31 December 2018 is below.

**Table 3: Savings Implementation 2018/19 (£000's)**

Portfolio	Approved Budget Reduction	Amount Delivered at Q3	Mitigation	To be Delivered
Business	5,323	5,145	0	178
<b>Total</b>	<b>5,323</b>	<b>5,145</b>	<b>0</b>	<b>178</b>

### 3.4.0 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 3 (December 2018)

#### 3.4.1 Capital Programme 2018/19 at end of Quarter 3 (31 December)

	Capital Strategy	September	December	Actual Spend Dec 2018
	£000	£000	£000	£000
Business	19,203	19,203	17,634	10,173
<b>Total expenditure</b>	<b>19,203</b>	<b>19,203</b>	<b>17,634</b>	<b>10,173</b>

\* Break down of these figures can be found in appendix 1

3.4.2 **Digital corporate storage** - SCC has now been appointed as the ICT strategic partner who will be working to determine the best solution for the council.

3.4.3 **Windows 10 rollout** - the programme to provide all staff with the latest Operating System (Windows 10) and additional software to enable agile working is well under way. Completed in Children's Services and Transformation, it is ongoing in Digital and plans have been drawn up for the rest of the Council.

3.4.4 **Highway maintenance** - the most significant areas of expenditure are in respect of micro asphaltting (£0.89 million) and the programme of surface dressings (£0.48 million).

3.4.5 **Sustainable Transport Enhancement Programme (STEP)**. Expenditure is focused on 2 significant schemes; Northbank East (£0.51 million) which will provide increased accessibility for pedestrians and cyclists to the Wirral Waters West Float development and increased attractiveness of the area for businesses and investors; The Croft Retail Corridor (£0.22 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.

3.4.6 **Transport for Growth** - expenditure has been incurred on a number of schemes to date. The most significant are the improvements to the junction of the M53 and A554 (£0.575 million); cycle and footway improvements (£0.206 million) and creating sustainable travel links at Duke Street (£0.105 million).

3.4.7 Grant funding of £0.563 million is available to fund pothole repairs. A further £420 million was announced in the Chancellor's October budget statement; however the details for each authority are awaited. Dangerous potholes are treated as a priority for action. Efforts are directed both to repairs and prevention. By the end of December 70% of the original allocation has been spent.

3.4.8 Street lighting column upgrade/LED replacement - delays have occurred with the process of procuring a contractor to undertake the installation works. This has now been rectified and the tender will be advertised in January 2019. It is anticipated that the installation work will commence on 1 April 2019.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 The financial implications of this report are discussed throughout the report. This is essentially a financial monitoring performance update report.

#### **5.0 LEGAL IMPLICATIONS**

5.1 There are none arising directly from this report.

#### **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

6.1 There are no implications arising directly from this report.

#### **7.0 RELEVANT RISKS**

7.1 There are none directly relating to this report. The monitoring of financial performance is important to ensure robust financial control procedures are in place. The council faces financial challenges in this period as it seeks to increase income, reduce costs whilst transforming its approach to services. There is a risk in future years that the Council does not achieve a planned approach.

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 No consultation has been carried out in relation to this report.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 This report is essentially a monitoring report which reports on financial performance.

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## APPENDICES

Appendix 1 – Capital Programme and Funding 2018/19

### BACKGROUND PAPERS

#### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Budget Council	5 March 2018
Cabinet – Revenue Monitoring 2018/19 Quarter 1	16 July 2018
Cabinet – Capital Monitoring 2018/19 Quarter 1	16 July 2018
Cabinet – Revenue Monitoring 2018/19 Quarter 2	26 November 2018
Cabinet – Capital Monitoring 2018/19 Quarter 2	26 November 2018
Cabinet – Revenue Monitoring 2018/19 Quarter 3	18 February 2019
Cabinet – Capital Monitoring 2018/19 Quarter 3	18 February 2019

**Capital Programme and Funding 2018/19****APPENDIX 1**

<b>Business</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Windows 10 rollout	2,272	1,286	2,272	-	2,272
Digital corporate storage	1,000	-	1,000	-	1,000
Data centre	169	162	169	-	169
Creative and digital team software/hardware	48	18	48	-	48
Transformation Programme EVR/VS	2,500	2,000	2,500	-	2,500
Access Wirral	250	-	250	-	250
Highway maintenance	2,637	2,204	-	2,637	2,637
BAMN Commercial Settlement	305	305	305	-	305
Pot hole action fund	563	392	-	563	563
Bridges	306	97	156	150	306
Dock bridges replacement	900	817	758	142	900
Coast protection	38	6	38	-	38
Transport for growth	2,761	1,160	1,611	1,150	2,761
BAM vehicles purchase	145	83	145	-	145
Sustainable transport (STEP)	1,512	850	887	625	1,512
Street lighting and LED replacement	349	380	349	-	349
Street lighting column upgrade/replacement/LED replacement	250	68	-	250	250
Car parking	3	3	3	-	3
Illuminated lighting and street signage	250	-	250	-	250
New Brighton infrastructure	250	90	250	-	250
Thermal mapping	10	-	10	-	10
Key Route Network	340	12	40	300	340

<b>Business</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Major infrastructure development/planning	40	-	40	-	40
Highways asset management system	266	-	266	-	266
Cleveland St transport depot	20	-	20	-	20
Surface water management	60	-	-	60	60
West Kirby flood alleviation	180	52	84	96	180
<b>Total</b>	<b>17,634</b>	<b>10,173</b>	<b>11,451</b>	<b>6,183</b>	<b>17,634</b>