

**Business Overview and Scrutiny Committee**  
**Tuesday, 17 September 2019**

<b>REPORT TITLE:</b>	<b>Financial Monitoring Report Outturn 2018/19 and Estimate for Quarter 1 2019/20</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 covers the final position for 2018/19 and the financial information as at quarter 1 2019/20.

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:

- 2018/19 Outturn Information.
- Performance against the revenue budget (including savings).
- Performance against the capital budget.

**RECOMMENDATION/S**

That Members of the Business Overview and Scrutiny Committee note the report and appendices and give their views.

## 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 REVENUE OUTTURN 2018/19

- 3.1.1 The final outturn position for Business for 2018/19 was £1.8 million favourable. This is different by £2.3m from the position forecast at quarter 3. The budget and expenditure along with further description is show in the table below.

**Table 1 – Revenue Outturn 2018/19**

<b>Reasons for variances from budget</b>	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
<b>Business:</b> Treasury Management activities have produced a positive variance positions, mainly attributable to minimising the financing costs of the Capital programme through effective cashflow management.	10.8	9.0	1.8
<b>OVERALL UNDERSPEND</b>	10.8	9.0	1.8

#### 3.2 CAPITAL OUTTURN 2018/19

- 3.2.1 The capital outturn for Business for 2018/19 was an expenditure of £7.2m against a revised schedule (as at December 2018) of £6.2m. This is shown in the table below.

**Table 2 – Capital Outturn 2018/19**

<b>Spend</b>	<b>Revised December £m</b>	<b>Actual Out-turn £m</b>
<b>Directorate</b>	<b>£m</b>	<b>£m</b>
Business	6.239	7.237
<b>Total Programme</b>	<b>6.239</b>	<b>7.237</b>

- 3.2.2 A summary of progress in the year within the Programme is as follows: -

- 3.2.3 By the end of March 2019 1,002 Windows 10 devices had been deployed which represents 29% completion of the estimated goal. The progress includes priority group completions (Children's social care, senior managers and Councillors), creation of the application store for deployment of software and WorkSmart profiling to determine correct equipment deployment.

- 3.2.4 The new Hyper-Convergence Corporate Storage Solution has been procured and this will replace Wirral's existing SAN storage and Virtual Server Network. It will be implemented during the first and second quarters of 2019 and once installation is complete, services and applications will be migrated to the new Infrastructure.
- 3.2.5 During 2018/19 employees could leave the Authority on Early Voluntary Retirement/Voluntary Severance. The severance payments and full 5-year pension strain costs have been capitalised allowing services to be transformed through restructures and savings to be achieved in future years. The final cost of £3.4 million was funded from the flexible use of capital receipts.

### 3.3 REVENUE POSITION AT QUARTER 1

- 3.3.1 This Statement provides a summary of the projected year-end revenue position as at Quarter 1, Month 3 (June 2019) for Business.

The forecast figure used is a combination of actual transactions happening within the first quarter and estimates based on a number of factors from the finance teams.

**Table 3 – Revenue Position at Quarter 1**

	Budget £000	Forecast £000	Variance £000	%	Adv/Fav
<b>Directorate Items</b>					
Change & Organisational Design	5,788	5,721	67	1%	Favourable
Finance & Investments	(21,821)	(21,821)	1	0%	Favourable
Commercial Management	67	67	(1)	-1%	Adverse
Governance & Assurance	4,002	4,268	(265)	-7%	Adverse
<b>Directorate (Surplus) / Deficit</b>	<b>(11,963)</b>	<b>(11,766)</b>	<b>(198)</b>	<b>2%</b>	<b>Adverse</b>
Support / Admin Building Overhead	9,711	9,717	(6)	0%	Adverse
<b>Total (Surplus) / Deficit</b>	<b>(2,252)</b>	<b>(2,048)</b>	<b>(204)</b>	<b>9%</b>	<b>Adverse</b>

*\*An adverse variance is one where the forecast position is worse than the planned position, conversely, a favourable variance is where the forecast position is better than the planned position.*

- 3.3.2 Business: Forecast - £0.198m Adverse Position

Governance & Assurance - Full Year Forecast: £0.265m Adverse

- The key driver is within the Coroner's service. Deficit position is due to an increase in accommodation costs and an increase in demand for the service. Currently the risk is not mitigated, but analysis is being undertaken with Liverpool City Council, as this is a shared service, with the aim of reducing the expenditure.

Change & Organisational Design - Full Year Forecast: £0.067m Favourable

- This is due to £0.1m favourable variance in HR due to part year vacancies as a result of delays in recruitment following implementation

of the new structure. This is partly offset by an adverse variance of £0.47m within Digital. This is due to a shortfall in projected income as a result of a reduction in work carried out by Printing. Schools Hardware and Software are currently projected to be balanced, as income targets have been set to realistic levels following implementation of the restructure.

#### Commercial Management – Full Year Forecast: Balanced

- Overall this is projected to be balanced at Quarter 1. This area includes an unachievable income target of £0.368m from Edsential. This income target is historic and has never been fully achieved. There are plans to mitigate these variances throughout the year through generation of additional income from new income streams, resulting in Commercial Management projected to be balanced.

#### Finance and Investments – Full Year Forecast: Balanced

- Overall Finance and Investments is projected to be balanced as at Quarter 1. Treasury Management is currently projected at budget. However, this area will be reviewed during the year for further savings.

### 3.4 IMPLEMENTATION OF SAVINGS

- 3.4.1 A summary of the position of 2019/20 Business savings at Quarter 1, Month 3 (June 2019) is below.

**Table 4 - Savings 2019/20 (£m)**

Portfolio	Approved Savings Total	Amount Delivered at Q1	Mitigation	To be Delivered
Business	7.3	5.5	0	1.8

### 3.5 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 1 (JUNE 2019)

- 3.5.1 The Programme for 2019-20 is a dynamic programme and as a result is always subject to change. The table below shows the capital strategy agreed at Council, then the proposed programme as at June 2019 and the expenditure at that date.

**Table 5 – Capital Monitoring at Quarter 1**

	Capital Strategy (as agreed at Council)	Proposed Programme	Q1 Actual Spend
	£m	£m	£m
Business	9.951	10.508	0.009

- 3.5.2 Current progress on significant schemes: -

The largest scheme within this area is the Enterprise Resource Planning project. This scheme, relating to core IT financial systems, is currently in the

Discovery stage with the intention to shortly move into the Design phase. The proposed Invitation to Tender is scheduled to go out in the Autumn.

#### **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: STAFFING, ICT 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 No because there is no relevance to equality.

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#### **APPENDICES**

##### **BACKGROUND PAPERS**

##### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Budget Council	<b>4<sup>th</sup> March 2019</b>
Cabinet – Financial Monitoring Outturn 2018/19	<b>22<sup>nd</sup> July 2019</b>
Cabinet – Quarter 1 Financial Monitoring 2019/20	<b>2<sup>nd</sup> September 2019</b>