

WIRRAL COUNCIL

TRANSFORMATION & RESOURCES POLICY & PERFORMANCE COMMITTEE

3 DECEMBER 2015

SUBJECT	FINANCIAL MONITORING 2015/16 QUARTER 2 (JULY - SEPTEMBER 2015)
WARD/S AFFECTED	ALL
REPORT OF	ACTING SECTION 151 OFFICER

1 EXECUTIVE SUMMARY

1.1 This report sets out the financial monitoring information for this Committee in a format consistent across the Policy and Performance Committees. The report aims to give Members sufficient detail to scrutinise budget performance for the Directorate. The financial information is for Quarter 2 (July-September 2015) and was reported to Cabinet on 5 November 2015. The Directorate is forecasting a year end revenue underspend of £3 million which mainly arises from Treasury Management activity.

2 BACKGROUND AND KEY ISSUES

2.1 Members of the Policy and Performance Committees have previously requested that financial monitoring information is provided as a standard item at each Committee.

2.2 Since September 2012 regular revenue and capital monitoring reports have been submitted to Cabinet as a means of providing regular, detailed updates on budget performance.

2.3 The Coordinating Committee has agreed that in order to fulfil its corporate and strategic scrutiny role, it will continue to review the full versions of the most up to date monitor reports at its future scheduled meetings.

2.4 The relevant sections from the most recent revenue and capital monitoring reports reported to Cabinet are summarised into a bespoke report for each Policy and Performance Committee and include the following:

- Performance against the revenue budget
- Performance against in year efficiency targets
- Performance against the capital budget

3 PERFORMANCE AGAINST REVENUE BUDGETS QUARTER 2 (JULY-SEPTEMBER 2015)

CHANGES TO THE AGREED BUDGET

3.1 Changes to the agreed Transformation & Resources Budget for 2015-16

	Original Net Budget	Approved Budget Changes Prior Mths	Approved Budget Changes Quarter 2	Revised Net Budget
Transformation & Resources	31,947	-604	-193	31,150
Net Cost of Services	31,947	-604	-193	31,150

3.1.1 The main budget movements in quarter two relate to the transfer of the Liquid Logic support team from Transformation & Resources to Children & Young People and an adjustment to the support services budget.

4 VARIATIONS

4.1 The report will use RAGBY ratings that will highlight under and overspends and place them into 'risk bands'. The 'risk band' classification is:

- Extreme: Overspends - **Red** (over +£301k), Underspend **Yellow** (over - £301k)
- Acceptable: Amber (+£141k to +£300k), Green (range from +£140k to - £140k); Blue (-£141k to -£300k)

4.2 2015/16 Projected Budget variations £000's

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend Quarter 2	RAGBY Class	Change from prev
Transformation & Resources	31,150	28,150	-3,000	Y	-1,811
TOTAL	31,150	28,150	-3,000		-

4.3 There has been an improvement of £1.8 million in the quarter resulting in a year end forecast underspend of £3 million. This is largely from savings (£2.5 million of the overall total) within Treasury Management. This is due to the continued use of internal funds to minimise the need to externally borrow and further projected slippage within the Capital Programme (which delivers one-off in year savings). Further savings have arisen from continued vacancies during the year across a number of service areas.

4.4 In respect of Treasury Management, the external borrowing to fund capital investment has been delayed through temporary funding the 'borrowing' from cash flows deriving from reserves and other balances. This policy whilst 'losing' investment interest receivable (average 0.5%), saves an average 3.5% on borrowing costs plus delays any principal repayment. External borrowing will need to take place eventually to fund past programmes either at

the point when reserves are utilised and/or to lock into lower rates before interest rates rise. Recent economic data and Bank of England Monetary Policy Committee announcements now make interest rate increases in 2015/16 less likely. Thus the timing of borrowing has been delayed to produce increased in year and one-off Treasury Management savings. Some further savings have also accrued from re-profiling the Capital Programme.

5 IMPLEMENTATION OF SAVINGS

- 5.1 The delivery of the agreed savings is key to the Council's financial health and is tracked at both Council and Directorate level. The Budget for Transformation & Resources in 2015/16 included £3.9 million of efficiency measures.

Budget Implementation Plan 2015/16 (£000's)

BRAG	Number of Options	Approved Budget Reduction	Amount Delivered at Q2	To be Delivered
B - delivered	8	2,578	2,578	0
G – on track	3	192	72	120
A - concerns	6	1,170	777	393
R - high risk/ not achieved	0	0	0	0
Total at Quarter 2 2015-16	17	3,940	3,427	513

6 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 2 (JULY-SEPTEMBER 2015)

- 6.1 Capital Programme 2015/16 at end of Quarter 2 (30 September)

	Capital Strategy	Revisions Since Budget Cabinet	Revised Capital Programme	Actual Spend September 2015
	£000	£000	£000	£000
Transformation Resources	1,600	1,404	3,004	735
Total expenditure	1,600	1,404	3,004	115

- 6.2 Transformation and Resources

The main area of expenditure incurred to date within the Directorate's capital Programme relates to the progression of the improvement and modernisation programme for Information Technology. This programme will impact and benefit all Directorates but is managed and controlled by officers within this Directorate.

7 RELEVANT RISKS

- 7.1 There are none relating to this report.

8 OTHER OPTIONS CONSIDERED

8.1 Any option to improve the monitoring and budget accuracy will be considered.

9 CONSULTATION

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

10.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

10.1 There is an ongoing requirement to identify during the financial year necessary actions to mitigate any forecast overspend.

11 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

11.1 There are no implications arising directly from this report.

12 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

12.1 In respect of the Revenue Budget the Transformation and Resources Directorate is projecting a £3m underspend as at the 30 September 2015. The Directorate 2015/16 Capital Programme budget is £3 million with £0.735 million expended at the end of quarter 2.

13 LEGAL IMPLICATIONS

13.1 There are no implications arising directly from this report.

14 EQUALITIES IMPLICATIONS

14.1 The report is for information and there are no direct equalities implications at this stage.

15 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

15.1 There are no implications arising directly from this report.

16 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

16.1 There are no implications arising directly from this report.

17 RECOMMENDATIONS

17.1 Members are requested to review the information presented to determine if they have any specific questions relating to the budget for the Transformation and Resources Directorate.

18 REASONS FOR THE RECOMMENDATIONS

18.1 To ensure Members have the appropriate information to review the budget

performance of the directorate.

REPORT AUTHOR Peter Molyneux
Telephone (0151) 666 3389
E-mail petemolyneux@wirral.gov.uk

APPENDICES

Extracted from the Capital Monitoring report to Cabinet on 05 November 2015:-
Annex 1 Revised Capital Programme and Funding 2015/16

SUBJECT HISTORY

Council Meeting	Date
Regular financial monitoring reports for Revenue and Capital have been presented to Cabinet since September 2012.	

Annex 1 Revised Capital Programme

	Revised Programme £000	Spend to Date £000	Council Resources £000	Revenue/ Reserves £000	Grants £000	Total Funding £000
Transformation & Resources						
CCTV cameras and other equipment	100	-	100	-	-	100
I.T Development	2,904	735	2,904	-	-	2,904
	3,004	735	3,004	-	-	3,004
Programme Total	50,182	18,194	26,238	622	23,322	50,182