

**Business Overview and Scrutiny Committee  
19 September 2017**

<b>REPORT TITLE:</b>	<b>FINANCIAL MONITORING REPORT QUARTER 1 2017/18</b>
<b>REPORT OF:</b>	<b>ASSISTANT DIRECTOR: FINANCE</b>

**REPORT SUMMARY**

This report sets out the financial monitoring information for Business in a format consistent across the Overview & Scrutiny Committees. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information is at close of quarter 1 2017/18.

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, income and debt)
- Performance against the capital budget

**RECOMMENDATION/S**

- 1 The quarter 1 revenue forecast overspend of £0.1 million be noted.
- 2 The performance of the capital projects within this area be noted.

## SUPPORTING INFORMATION

### 1.0 REASON/S FOR RECOMMENDATION/S

1.1 To provide members with details of the financial performance of the Overview and Scrutiny Committee's area.

### 2.0 OTHER OPTIONS CONSIDERED

2.1 Not applicable

### 3.0 BACKGROUND INFORMATION

#### 3.1 PERFORMANCE AGAINST REVENUE BUDGETS QUARTER 1 (APRIL 2017- JUNE 2017)

##### 3.1.0 CHANGES TO THE AGREED BUDGET

3.1.1 The 2017/18 Budget was agreed by Council on 6 March 2017. Any increase to the overall Council Budget (but not use of the existing budget contingency) requires agreement by full Council. Changes to the Budget since it was set are summarised in Table 1.

**Table 1: 2017/18 Original & Revised Net Budget by Wirral Plan Themes**

	Original Net Budget	Proposed Budget Change Quarter 1 Use of Contingency	Proposed Budget Change Quarter 1 Use of Balances	Approved Budget Changes Qtr 1	Revised Net Budget
	£000	£000	£000	£000	£000
Business	37,438	1,500	-	-	38,938
<b>Net Cost of Services</b>	<b>37,438</b>	<b>1,500</b>	-	-	<b>38,938</b>

##### 3.2.0 PROJECTIONS AND KEY ISSUES

3.2.1 The projected outturn position as at the end of June 2017 and Wirral Plan: 2020 Vision Themes updates are detailed in the following sections.

**Table 2: 2017/18 Projected Budget variations by Wirral Plan Themes**

Directorates	Revised Budget	Forecast Outturn	(Under) Overspend Quarter 1	RAGBY Class	Change from prev
Business	38,938	39,076	138	G	n/a
<b>TOTAL</b>	<b>38,938</b>	<b>39,076</b>	<b>138</b>		<b>0</b>

The report classifies the forecast under/overspends for the above areas using a colour RAGBY rating. The ratings are defined as follows:

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

### 3.2.2 Business

- Projected net overspend within Assets of £0.4 million. The on-going costs relating to Old Market House and the Municipal Building plus the requirement to deliver additional savings have largely been offset through the use of £0.5 million from the Revenue Budget Contingency and a re-profiling of the Property Maintenance Programme.
- As referred to under the People- Children Theme the increasing demand pressures are reflected within Legal Services. Increased external legal fees from cases within Children’s Services are projected at £0.7 million.
- A £0.2 million overspend in Traffic and Transport. The shortfall in car parking income of £0.1 million is due to delayed implementation of the increased tariffs and charging at country parks and £0.1 million with the Street Works Permit scheme now expected to be implemented by October 2017.
- Business Services receive income for services provided. These comprise the IT Service Level Agreement with schools, printing services on behalf of schools and for internal functions and support for external organisations such as Edsential and Wirral Evolutions. With the opportunity of schools and others to source services elsewhere there is a potential shortfall in income of £0.7 million with negotiations ongoing.
- At this stage there is a predicted underspend within Treasury Management as a consequence of the on-going use of internal funds to minimise the requirement for external borrowing which defers the need to borrow and delivers one-off savings. These are forecast to be up to £2 million.

### 3.3.0 IMPLEMENTATION OF SAVINGS

3.3.1 A summary of the position of 2017/18 Business savings at 30 June 2017 is below.

**Table 3: Savings Implementation 2017/18 (£000’s)**

BRAG	Number of Options	Approved Budget Reduction	Amount Delivered at Q1	To be Delivered
B - delivered	16	19,430	19,430	0
G – on track	7	1,950	1,100	850
A - concerns	1	400	200	200
R - high risk/ not achieved	5	1,900	0	1,900
<b>Total at Quarter 1 2017-18</b>	<b>29</b>	<b>23,680</b>	<b>20,730</b>	<b>2,950</b>

3.3.2 The savings tracker contains an assessment of the 2017/18 savings by the ratings below.

- **Blue:** Represents savings which have already been realised.
- **Green:** Savings on track to deliver.
- **Amber:** Some concerns regarding delivery and will require closer scrutiny and monitoring.
- **Red:** High risk of not being achieved.

### 3.4.0 INCOME AND DEBT

3.4.1 The table below shows the outstanding debt by Wirral Plan Theme category and then by invoice raised date. This is a different way of showing the debtor information for 2017/18 to make the monitoring report more accessible and informative. At the end of June 2017 total Council arrears stood at £24.7 million with £6.8 million of this relating to Business.

**Table 4: Accounts Receivable Outstanding Arrears Analysis**

Theme	Less than 30 days	More than 30 days	2016/2017	2015/16	Pre 2015/16	Total at 30.06.17
	£	£	£	£	£	£
Business	2,396,520	750,673	1,042,125	713,111	1,898,175	<b>6,800,604</b>

3.4.2 In accordance with proper accounting practice, income is credited to the relevant financial year's accounts of the service area at the point invoices are raised. A provision for bad debt is maintained and is assessed each year. Should non-payment occur after proceeding through all necessary recovery procedures, any properly authorised write off will be charged against the bad debt provision.

### 3.5.0 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 1 (April-June 2017)

#### 3.5.1 Capital Programme 2017/18 at end of Quarter 1 (30 June)

	Revised Programme	Spend to Date June 2017	Funded by: Council Resources	Funded by: Grants	Business Rates
	£000	£000	£000	£000	£000
Business	<b>38,266</b>	<b>1,893</b>	<b>21,121</b>	<b>13,145</b>	<b>4,000</b>
<b>Total expenditure</b>	<b>38,266</b>	<b>1,893</b>	<b>21,121</b>	<b>13,145</b>	<b>4,000</b>

3.5.2 Spend of £1.1 million has been incurred in the first quarter in respect of the current Dock bridges replacement scheme. This major scheme is largely funded through a Government grant and the extensive works are expected to be completed by early 2018.

3.5.3 Other significant spend includes works to refurbish and update Council Buildings to increase occupancy and make fit for purpose (£0.4 million) and highways related works (£0.2 million).

3.5.4 The Liverpool City Region has allocated £3.1 million of grant support for Sustainable Transport Enhancement Package (STEP) programme for which detailed schemes are presently being prepared.

3.5.5 Within the Programme is an allocation of £10 million for investment in properties. This is closely linked to the progressing Wirral Growth Company

and is intended to fund acquisitions which will, in turn, provide a revenue income stream to the Council.

3.5.6 Further detail of the Capital Programme and spend is contained within Appendix 1 of this report.

#### **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 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

#### **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 The possible failure to deliver the Revenue Budget is being mitigated by:

- Senior Leadership Team / Management Teams reviewing the financial position.
- Tracking system of savings options to monitor progress.
- Use of temporary additional support to assist with revenues collection.
- Use of earmarked reserves and General Fund Balance savings risk contingency.

#### **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.

**REPORT AUTHOR:** *Christopher Kelly*  
**Principal Accountant**  
telephone: (0151) 666 3417  
email: [Chriskelly@wirral.gov.uk](mailto:Chriskelly@wirral.gov.uk)

## APPENDICES

### Appendix 1 – Capital Programme and Funding 2017/18

#### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Budget Council	6 March 2017
Cabinet – Revenue Monitoring 2017/18 Quarter 1	17 July 2017
Cabinet – Capital Monitoring 2017/18 Quarter 1	17 July 2017

**Capital Programme and Funding 2017/18****APPENDIX 1**

<b>Business Theme</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Building refurb to increase occupancy	<b>1,198</b>	192	1,198	-	-	<b>1,198</b>
Fund to assist land assembly and resale	<b>468</b>	21	468	-	-	<b>468</b>
Cleveland Street transport depot	<b>490</b>	-	490	-	-	<b>490</b>
Demolish Bebington Town Hall	<b>365</b>	3	365	-	-	<b>365</b>
Demolish former Rock Ferry High School	<b>70</b>	33	70	-	-	<b>70</b>
Demolish Stanley School	<b>5</b>	-	5	-	-	<b>5</b>
Demolish former Foxfield School	<b>11</b>	-	11	-	-	<b>11</b>
Treasury Building	<b>413</b>	117	413	-	-	<b>413</b>
Industrial Estates	<b>150</b>	-	150	-	-	<b>150</b>
Millennium Centre re-modelling	<b>605</b>	85	605	-	-	<b>605</b>
Active travel	<b>30</b>	21	30	-	-	<b>30</b>
Bridges	<b>938</b>	27	788	-	150	<b>938</b>
Highway maintenance	<b>3,035</b>	153	-	-	3,035	<b>3,035</b>
Transport for growth/integrated transport	<b>2,603</b>	26	1,443	-	1,160	<b>2,603</b>
Coast protection	<b>265</b>	1	265	-	-	<b>265</b>
STEP	<b>3,450</b>	-42	365	-	3,085	<b>3,450</b>
Dock bridges replacement	<b>6,445</b>	1,081	1,000	-	5,445	<b>6,445</b>
Replace highways grass cutting machinery	<b>300</b>	103	300	-	-	<b>300</b>

<b>Business Theme (continued)</b>	<b>Revised Programme £000</b>	<b>Spend to Date £000</b>	<b>Council Resources £000</b>	<b>Business Rates £000</b>	<b>Grants £000</b>	<b>Total Funding £000</b>
Business investment grants	888	47	888	-	-	888
Growth fund	600	-	600	-	-	600
Webcasting	225	-	225	-	-	225
Thermal mapping	42	-	42	-	-	42
Pothole action fund	270	-	-	-	270	270
Street lighting	500	25	500	-	-	500
Car parking	900	-	900	-	-	900
Investment in properties	10,000	-	10,000	-	-	10,000
Wirral Waters Investment Fund	4,000	-	-	4,000	-	4,000
	<b>38,266</b>	<b>1,893</b>	<b>21,121</b>	<b>4,000</b>	<b>13,145</b>	<b>38,266</b>