



**Business Overview and Scrutiny Committee
Wednesday, 28 November 2018**

REPORT TITLE:	FINANCIAL MONITORING REPORT QUARTER 2 2018/19
REPORT OF:	DIRECTOR OF FINANCE & INVESTMENT (S151)

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 2 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

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 2 for the council as a whole was presented at cabinet on the 26th of November 2018. The quarter 2 revenue forecast is an overall overspend of £0.9 million for the year. Delivery Services and Economic & Housing Growth forecast overspends making up the majority of this.

The quarter 2 capital report recommends that Cabinet agree the 2018/19 Capital Programme of £60.9 million which takes into account re-profiling identified during 2018/19. Expenditure to date is £16.3 million.

3.1.0 CHANGES TO THE AGREED BUDGET BUSINESS

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.

Table 1: 2018/19 Original & Revised Net Budget

Theme	Portfolio	Q1 Budget	Budget Changes Q2	Revised Net Budget
		£000	£000	£000
Business	Finance and Resources	9,983	-10,332	-349
	Highways and Transport	39,085	615	39,700
	Jobs and Growth	1,107	0	1,107
	Law and Order	4,398	-49	4,349
	Leader of the Council	8,891	100	8,991
Net Cost of Services		63,464	- 9,666	53,798

Budget movements in quarter two cover a number of issues. The largest of these was the distribution of the £10 million transformation funding to Children's Services. 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 September 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 2
Business	Finance and Resources	-349	-74	-275
	Highways and Transport	39,700	39,705	-5
	Jobs and Growth	1,107	1,209	-102
	Law and Order	4,349	4,406	-57
	Leader of the Council	8,991	8,991	0
TOTAL		53,798	54,237	-439

Business

Finance and Resources - The overspend within this area relates to non-budgeted for agency costs (£190,000) and costs relating to recruitment of senior management posts (£80,000)

Jobs and Growth - Legal costs relating to Wirral Waters One have produced a pressure in this area.

Law and Order – This area is currently projected to overspend by £50K due to enhancement payments, overtime payments and shortfall in income targets. There are plans to mitigate this through a community safety staffing review and an admin review across the Safer Wirral Hub. However this will not be implemented until September and the full year effect of any savings will not be reflected until 2019/20 due to transitional pay commitments.

3.3.0 IMPLEMENTATION OF SAVINGS

3.3.1 A summary of the position of 2018/19 Business savings at 30 September 2018 is below.

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

Portfolio	Number of Options	Approved Budget Reduction	Amount Delivered at Q2	Mitigation	To be Delivered
Finance and Resources	10	4,996	3,803	0	1,193
Highways and Transport	4	212	162	0	50
Law and Order	1	30	30	0	0
Leader of the Council	2	85	50	0	35
Total	36	13,209	7,851	25	5,333

3.5.0 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 2 (July-September 2018)

3.5.1 Capital Programme 2018/19 at end of Quarter 2 (30 September)

	Revised Programme	Spend to Date September 2018	Funded by: Council Resources	Funded by: Grants
	£000	£000	£000	£000
Business	19,203	6,421	11,771	7,432
Total expenditure	19,203	6,421	11,771	7,432

- 3.5.2 Dock Bridges - a further of £0.8 million has been incurred in respect of the current replacement scheme. Contract retention is due to be paid in July 2020. The Project Board meets monthly and the commercial discussions with the main contractor may result in further contract variations affecting the final price.
- 3.5.3 Highway maintenance - the most significant areas of expenditure are in respect of micro asphaltting (£0.85 million) and the programme of surface dressings (£0.40 million).
- 3.5.4 Sustainable Transport Enhancement Programme (STEP). Focuses on 2 significant schemes; Northbank East (£0.46 million) and the Croft Retail Corridor both providing increased accessibility and improving safety for pedestrians and cyclists.
- 3.5.5 Transport for Growth - expenditure has been incurred on a number of schemes to date, by far the most significant being the improvements to the junction of the M53 and A554 (£0.356 million).
- 3.5.6 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. By the end of September over 50% of the budget has been spent.
- 3.5.7 Street lighting column upgrade/LED replacement - the tender will be advertised in November 2018 with an anticipated start date of January 2019. Materials will then be ordered for the first 3 months of the contract (Jan to March).
- 3.5.8 West Kirby flood alleviation - ground work investigations currently being undertaken with the tender to be issued in November. Delay to the scheme is due to waiting for the business case to be approved by the Environment Agency.
- 3.5.9 Digital corporate storage - there are a number of solutions available with each of the main vendors, such as Dell EMC and Netapp offering various options. We are in the process of going to tender for an ICT strategic partner who will

work with us to determine the best solution for the council and it is anticipated that initial expenditure will be committed around January.

3.5.10 Windows 10 rollout - the Digital team will be providing all staff with new computers featuring the latest Operating System (Windows 10), and providing additional software to make it easier for staff to work in an agile way. This process has been completed in Children's Services and will continue across the council starting in November.

3.5.11 There are 2 additional funding requirements:

Early voluntary retirement/voluntary severance (£2.0 million) - This will assist the Council in making savings that are necessary to achieve a balanced budget for 2019/20 and beyond. The "Flexible use of capital receipts" strategy will be amended to reflect this;

Access Wirral (£0.25 million) - This is currently included in revenue and can be included in the Capital Programme which will release revenue resources.

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)

Council Meeting	Date
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