

**Business Overview and Scrutiny Committee  
Wednesday, 27 November 2019**

<b>REPORT TITLE:</b>	<b>Financial Monitoring Report Quarter 2 2019/20</b>
<b>REPORT OF:</b>	<b>Director for Business Services (Assistant Chief Executive)</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 financial information as at quarter 2 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:

- 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 Capital Programme 2019/20 Position

**Table 1 – Capital Monitoring at Quarter 2**

	<b>Capital Strategy</b> <i>(as agreed at Council)</i>	<b>Proposed Programme</b>	<b>Q1 Actual Spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business	12.915	10.895	

3.1.1 Table 1 provides an update on the 2019/20 capital Programme. A number of significant variations have arisen since the programme was agreed in March 2019. These include the inclusion of additional grant funded schemes, variations to spend forecasts and the re-profiling of expenditure into and out of the 2019/20 financial year. Further detail is provided below.

#### 3.1.2 Business Management

- Tower Road National Productivity Investment Fund (£0.51m decrease): Design and procurement of the scheme have taken longer than originally anticipated. Contractor has yet to be appointed.
- Key Route Network: Funding brought forward from 2018/19 (£0.3m increase). Additional costs will be incurred in respect of cabling on the A41. Transfer from the savings on the street lighting budget (£0.6m increase).
- TAG Feasibility Studies: Additional grant funding was approved by the Combined Authority on 26th July 2019. The A41 North Corridor scheme (£0.65m increase) and the Wirral Waters scheme (£0.53m increase).
- Sustainable Transport: Funding brought forward from 2018/19 (£0.47m increase)
- Windows 10: the programme to provide all staff with the latest Operating System (Windows 10) and additional software to enable agile working is continuing. Three additional areas of work have been identified: Computer Aided Design and Geographical Information Systems; schools installations; the additional demand for docked type monitors. The net additional requirement for this year (£0.35m) can be funded from savings anticipated in the Digital Corporate Storage scheme.
- Digital Corporate Storage: A reassessment of the budget requirement indicates that costs will be less than anticipated with some of these savings utilised to fund the

additional schemes referred to above in the Windows 10 project (decrease £0.46m)

- Enterprise Resource Planning: soft market testing has been undertaken and suppliers have profiled their cloud based offer. We are now approaching the procurement phase but the significant costs will only start to be incurred in the following financial year (decrease £4.1m).

## 3.2 Revenue Programme 2019/20 Position

### 3.2.1 Business Management: Forecast - £0.429 Adverse Position

- The £0.429m forecast adverse position is a £0.238m increase from Quarter 1 forecast position (£0.198m). The adverse position is largely due to income targets not being fully met and increased costs from the Coroners Service. some pressures are forecast to be mitigated by employee vacancy savings.

**Table 2: Business Management 2019/20 Full Year Revenue Budget and Forecast Position**

	Full Year				Adv/Fav
	Budget	Forecast	Variance (+ Fav, - Adv)		
	£000	£000	£000	%	
Change & Organisational Design	5,847	5,788	59	1%	Favourable
Finance & Investments	(21,508)	(21,413)	(95)	0%	Adverse
Commercial Management	(523)	(416)	(107)	-20%	Adverse
Strategic Commissioner Environment	16,485	16,485	0	0%	
Culture & Visitor Economy	1,478	1,516	(38)	-3%	Adverse
Governance & Assurance	4,002	4,251	(248)	-6%	Adverse
<b>Directorate (Surplus) / Deficit</b>	<b>5,781</b>	<b>6,210</b>	<b>(429)</b>	<b>-7%</b>	<b>Adverse</b>
Support / Admin Building Overhead	9,875	9,875	(0)		
<b>Total (Surplus) / Deficit</b>	<b>15,655</b>	<b>16,085</b>	<b>(429)</b>	<b>-3%</b>	<b>Adverse</b>

### 3.2.2 Finance & Investment

- This is primarily due to income shortfalls due to reduction in the Housing Benefit Admin Grant from Department of Work and Pensions (DWP). The grant is reduced each year and replaced with smaller ad hoc grants throughout the year, however, these grants are insufficient to replace the shortfall. The overall shortfall against income is projected to be £1.204m. This pressure has been partly mitigated through a favourable variance within Employees of £1.106m due to part year staffing vacancies.

### 3.2.3 Commercial Management

- This is due to a projected shortfall of income within the Design Team and has been forecast prudently as the Design Team are not operating at full capacity due to staff

vacancy. Recruitment for this role is underway and is expected to improve income from Quarter 2 onwards.

#### 3.2.4 Legal & Governance

- The key driver for the deficit is within the Coroners service. The deficit position is due to an increase in accommodation costs, an increase in demand for the service and a change in the contractor used for the removals 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 expenditure in future years.

### 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.

### 10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report has no impact on emissions of CO2

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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>