

**Meeting date:** 27<sup>th</sup> September 2018  
**Report to:** Cabinet Member for Transport and Highways



**Subject/report title:** **REVENUE AND CAPITAL MONITORING 2018/19 AS AT 31<sup>ST</sup> JULY 2018**

**Report from:** Director of Managed Growth and Communities and Director of Resources and Deputy Chief Executive

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**Wards affected:**

All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege

**Public/private report:** Public

**Exempt by virtue of paragraph:** N/A

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**1. Purpose of Report**

- 1.1 To inform the Cabinet Member of the Portfolio's latest forecast financial position as at the 31<sup>st</sup> July 2018 against Revenue and Capital budgets as summarised below and detailed in the attached Appendix A.
- 1.2 To inform the Cabinet Member of the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) summarised below and detailed in Appendix A.
- 1.3 To inform the Cabinet Member of the Portfolio's future pressures and mitigations detailed in Appendix B.

**2. Decision(s) recommended**

The Cabinet Member is asked to:

- 2.1 Consider and endorse the 2018/19 revenue and capital financial monitoring forecast as at 31<sup>st</sup> July 2018;

- 2.2 Consider the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) as at 31<sup>st</sup> July 2018;
- 2.3 Approve the re-allocation of the Capital Programme in 2018/19 as set out in paragraphs 3.7 and 3.8.

### **3. What is the issue?**

- 3.1 Throughout the financial year, information will be provided on a quarterly basis to the Cabinet Portfolio Holder and Full Cabinet.
- 3.2 The cash limited discipline at Solihull means that Directorates need to balance their budget forecast position first and the Portfolio's position flows from that. As a result, this cabinet is specifically taken into account across the Managed Growth and Communities Directorate.
- 3.3 The revenue and capital financial position, the savings position for 2018/19 to 2020/21, the key risks and opportunities and required approvals are outlined in Appendix A.
- 3.4 The overall Council position is reported to Full Cabinet together with any planned actions; any variances are then considered inline with Council priorities and Financial Regulations.

### **Revenue Budget 2018/19**

- 3.5 The latest approved revenue budget for the portfolio is £5.690m. The Forecast outturn expenditure for this year is giving a favourable variance of (£213,000).

### **Capital Budget 2018/19**

- 3.6 The latest approved capital programme for this portfolio is £7.556m. The forecast outturn expenditure for the year is to budget.
- 3.7 Approval is sought to re-allocate £500,000 of LTP budget to the Street Lighting LED programme to accelerate this delivery. This funding is available because a Full Business Case to the West Midlands Combined Authority has passed 4 of the 5 boards (WMCA Board on 14<sup>th</sup> September for final approval).
- 3.8 This is made up of £464,000 of 'LTP Grant' and £36,000 re-allocated from the Bridges programme in 2018/19.

### **Budget Strategy Savings 2018/19 to 2020/21**

- 3.9 For 2018/19 the total savings target is £317,000, all of which is rated as green
- 3.10 For 2019/20 the total savings target is £548,000, of which £243,000 are RAG rated as Amber (44%) and £305,000 as green (56%)
- 3.11 For 2020/21 the total savings target is £571,000, of which £221,000 are Amber (39%) and £350,000 as Green (61%)

## **Future Pressures and Mitigations**

- 3.12 The latest three year budget position was approved as part of the overall MTFS by Full Council on the 1st March 2018. In addition, on the 21st June 2018 as part of the 2017/18 Final Accounts report, Full Cabinet approved a number of one-off funding allocations to a number of portfolio budgets over the MTFS period with the agreement that the on-going funding implications beyond this period would be established through the normal MTFS process for 2021/22 and beyond.
- 3.13 In order to keep a 'live' picture of the Cabinet portfolio's financial position each Cabinet portfolio holder will, as part of their individual financial monitoring reports receive a schedule of any emerging portfolio pressures and proposed mitigations against the latest MTFS period 2018/19 to 2020/21. These schedules were first presented as part of the 2018/19 budget process to the Budget Strategy Group and went on to form part of the budget papers for Full Cabinet.
- 3.14 These schedules will then inform the starting point of the budget discussions for the new MTFS 2019/20 to 2021/22 for the Budget Strategy Group. This portfolio's pressures and mitigations schedule and the associated narrative detail is contained within Appendix B

## **4. What options have been considered and what is the evidence telling us about them?**

4.1 N/A

## **5. Reasons for recommending preferred option**

5.1 N/A

## **6. Implications and Considerations**

6.1 Delivery of key themes in the Council Plan:

How will the options/proposals in this report contribute to the delivery of the key themes in the Council Plan?

Improve Health and Wellbeing -

Managed Growth -

Build Stronger Communities -

Deliver Value –

- Make use of our resources by aligning them to our Purpose, Ambition and Priorities, and
- Deliver maximum value to the customer through the Solihull Way

6.2 Implications for children and young people, vulnerable groups and particular

communities:

6.2.1 None

6.3 Consultation and Scrutiny:

6.3.1 None

6.4 Financial implications:

Financial monitoring is undertaken throughout the year by individual budget managers. Key income and expenditure risk areas are also monitored monthly by the Finance Team. Any significant risks identified are reported to both DLT (Directorate Leadership Team) and CLT (Corporate Leadership Team) to ensure that net expenditure is managed within approved budgets

6.5 Legal implications:

None

6.6 Risk implications:

The budget monitoring report takes account of forecast variances. In addition there may be pressures which are currently being monitored and managed by budget managers which could affect the final outturn position for 2018/19.

6.7 Statutory Equality Duty:

None

## **7. List of appendices referred to**

Appendix A – Quarter 1 Financial Position

Appendix B – Future Pressures and Mitigations

## **8. Background papers used to compile this report**

8.1 N/A

## **9. List of other relevant documents**

9.1 N/A

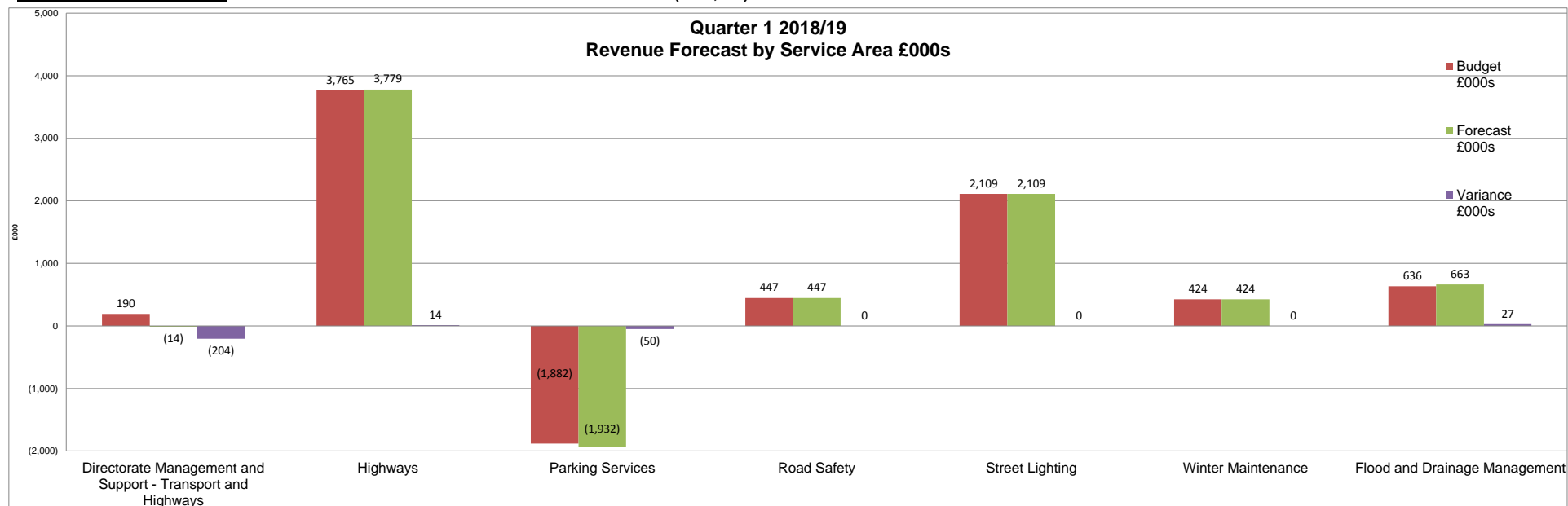
## Transport and Highways Quarter 1 2018/19 Financial Position

### Managed Growth and Communities Directorate Position

The context of this Cabinet portfolio position is taken into account with the whole of the Managed Growth and Communities Directorate which is currently forecasting a nil variance to budget.

### 1. 2018/19 Revenue Position

**Current Forecast - (£213,000) Favourable Variance**



### 2. Explanations for significant Revenue Variances

Service Area	Budget £000s	Forecast £000s	Variance £000s	Comments
Directorate Management and Support - Transport and Highways	190	(14)	(204)	The portfolio has had an apportionment of either/or one off savings and reserves (£219k) that are needed to balance the latest Managed Growth and Communities Directorate position.
Highways	3,765	3,779	14	Minor variance
Parking Services	(1,882)	(1,932)	(50)	Minor expected over-recovery due to the increase in parking charges from September 2018
Road Safety	447	447	0	Nil variance
Street Lighting	2,109	2,109	0	Nil variance
Winter Maintenance	424	424	0	Nil variance
Flood and Drainage Management	636	663	27	Minor variance
<b>Total</b>	<b>5,690</b>	<b>5,477</b>	<b>(213)</b>	

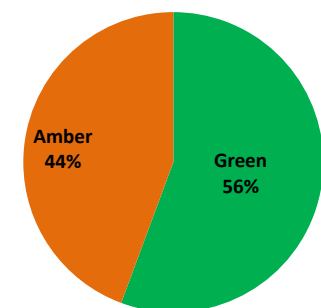
### 3. 2018/19 Capital Position

Schemes	On Site Status	Budget £000s	Actual £000s	Forecast £000s	Variance £000s	Comments	Expected Scheme Completion Date
<b>New Schemes</b>							
GREENING THE GREY (HWAYS)	IN PROGRESS	1,391	102	1,391	0	Highways - ERDF programme to create green corridors across the borough	2020/21
TOWN CENTRE SECURITY	IN PROGRESS	134	31	134	0	Improve anti-terrorism defences across the town centre	Nov-18
ILLSHAW HEATH IMPROVEMENTS	COMPLETE	72	7	72	0	Traffic calming and speed limit reviews	Complete
A34 MARSHALL LAKE ROAD	FEASIBILITY	474	2	474	0	Utility diversion estimates - to see if scheme is affordable	Mar-18
A45 BRIDGE	COMPLETE	412	(4)	412	0	Contingency for further Road Safety Audit follow up requirements	Complete
DIGITAL SPEED CAMERA	PILOT	232	18	232	0	Funding for potential increase in scope of works	Mar-18
LTP GRANT	IN PROGRESS	464	0	980	0	Grant to be allocated per decision in main report	2022/23
CARRIAGEWAY MAINTENANCE	IN PROGRESS	1,300	141	1,300	0	Programme due to finish by 30/10/2018	Q3 2018/19
LTP INCENTIVE FUND	IN PROGRESS	439	0	439	0	Funding allocated to authorities based on their road condition	Q3 2018/19
POTHOLE FUND	IN PROGRESS	417	0	417	0	Additional pothole grant for fixing defects across the borough	Q3 2018/19
BRIDGE ASSESSMENTS	IN PROGRESS	1,058	22	1,058	0	Various bridge assessments and work	Mar-18
SHC CONTRACT MAN MAINT	COMPLETE	250	0	250	0	Contract management and supervision fee	Complete
SHC CONTRACT MAN IT BLOCK	COMPLETE	45	0	45	0	Contract management and supervision fee	Complete
CLP GREEN LANE CENTRE XINGS	COMPLETE	10	4	10	0	Alternative crossing facility	Complete
SHARMANS CROSS ZEBRA XING	COMPLETE	27	4	27	0	Alternative crossing facility	Complete
COMMUNITY LIVEABILITY	IN PROGRESS	299	10	299	0	Various minor schemes, such as crossings, speed limit changes and TROs	Mar-18
MAIN ROAD LED REPLACEMENT	IN PROGRESS	455	64	455	0	Phase 3 of the LED replacement - Main road replacement	2022/23
SOLIHULL STATION TO TC	COMPLETE	77	0	77	0	UK Central programme to improve the access from the train station to the town centre	Complete
<b>Total</b>		<b>7,556</b>	<b>401</b>	<b>7,556</b>	<b>0</b>		

### 4. 3 Year Savings Targets £000s

Description of Target	2018/19 £000s	2019/20 £000s	2020/21 £000s	Comments
Green Rated Savings	317	305	350	Green as saving has already been achieved
Highways Contract Efficiencies	0	75	0	Review of innovative solutions within the Strategic Highways Contract
School Crossing Patrol review	0	50	0	Revised of school crossing patrol sites in the borough that could be replaced with existing/new crossing facilities
Street Lighting Securing external developer income	0	50	21	Increasing the external work done for developers and reducing our future maintenance as a result
Zero Based Budgeting Review	0	28	0	Cross directorate targets to be identified
Directorate efficiencies review - agile, contracts, agency spend	0	40	0	Cross directorate targets to be identified
Holistic approach to network management	0	0	100	Reduction in number of emergency/reactive jobs via the Strategic Highways Contract (Balfour Beatty); Review of staffing structure and new ways of working including changes of culture.
Highways Asset Management	0	0	100	Producing the same output with less money due to contractual changes and new ways of working.
<b>Total</b>	<b>317</b>	<b>548</b>	<b>571</b>	

2019/20 Savings Target - RAG Rating



**5.Reserves**

Cabinet	Balance as at	Planned / Forecast (contribution)/use			Forecast Balance	Forecast / Planned	Proposed as part	Forecast
	31st March 2018	2018/19	2019/20	2020/21	the end of 2020/21	(contribution) /use	2020/21 MTFS	Balance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
LED REPLACEMENT	(864)	864	0	0	0	(0)	0	(0)
WINTER MAINTENANCE	(252)	0	0	0	(252)	252	0	0
FLOOD MANAGEMENT	(165)	0	0	0	(165)	165	0	0
DIGITAL SPEED CAMERAS - REVENUE	(53)	(23)	0	0	(77)	77	0	0
TRANSPORT AND HIGHWAYS - INTEGRATION	(18)	0	0	0	(18)	18	0	0
BUS LANE ENFORCEMENT	(82)	0	0	0	(82)	82	0	0
S38 AND S278 CONTRIBUTIONS	(847)	0	0	0	(847)	847	0	0
<b>TOTAL RESERVES</b>	<b>(2,280)</b>	<b>839</b>	<b>0</b>	<b>0</b>	<b>(1,441)</b>	<b>1,441</b>	<b>0</b>	<b>(0)</b>
RESERVES TO BE AGREED - FOR BALANCING THE MG&C DIRECTORATE ONLY	0	219	0	0	219	(219)		
<b>GRAND TOTAL RESERVES</b>	<b>(2,280)</b>	<b>1,058</b>	<b>0</b>	<b>0</b>	<b>(1,222)</b>	<b>1,222</b>	<b>0</b>	<b>(0)</b>





## Underlying pressures and mitigating action - Transport and Highways

Description	June 2018 Cabinet Position - Including BR Windfall & BSG Reserve			Current Forecast			Movement (Emerging Pressures/Mitigations)		
	2018/19 One-off £'000	2019/20 One-off £'000	2020/21 One-off £'000	2018/19 One-off £'000	2019/20 One-off £'000	2020/21 One-off £'000	2018/19 One-off £'000	2019/20 One-off £'000	2020/21 One-off £'000
<b>Pressures</b>									
Adverse Variance of salaries due to unfunded increments across the service	0	0	0	78	10	0	78	10	0
Cross Managed Growth & Communities Pressures	0	0	0	0	55	55	0	55	55
<b>Total pressures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>65</b>	<b>55</b>	<b>78</b>	<b>65</b>	<b>55</b>
<b>Mitigations</b>									
Highway Services - early delivery of 2020/21 saving - Review of Parking Charges 2020/21 is a potential over-delivery depending on performance	(125)	(300)	0	(50)	(300)	(100)	75	0	(100)
Cross Managed Growth & Communities Mitigations	0	0	0	(22)	0	0	(22)	0	0
<b>Total mitigations</b>	<b>(125)</b>	<b>(300)</b>	<b>0</b>	<b>(72)</b>	<b>(300)</b>	<b>(100)</b>	<b>53</b>	<b>0</b>	<b>(100)</b>
<b>Net Portfolio shortfall</b>	<b>(125)</b>	<b>(300)</b>	<b>0</b>	<b>6</b>	<b>(235)</b>	<b>(45)</b>	<b>131</b>	<b>65</b>	<b>(45)</b>
Use of Managed Growth and Communities Directorate reserves to balance the Directorate in the first instance, and Cabinet Portfolios second	125	300	0	(219)	(324)	(196)	(131)	(65)	45
<b>Net shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(213)</b>	<b>(559)</b>	<b>(241)</b>	<b>0</b>	<b>0</b>	<b>0</b>