

**Environment Overview and Scrutiny Committee**  
**Tuesday, 24 September 2019**

<b>REPORT TITLE:</b>	<b>2018/19 outturn and Quarter 1 2019/20 Financial Monitoring Report</b>
<b>REPORT OF:</b>	<b>Director of Finance &amp; Investment (S151)</b>

**REPORT SUMMARY**

This report sets out the financial monitoring information for the Environment Overview & Scrutiny Committee. The report provides Members with detail to scrutinise budget performance for this area of activity. The financial information covers the final position for 2018/19 and the financial information as at quarter 1 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:

- 2018/19 Outturn Information.
- Performance against the revenue budget (including savings).
- Performance against the capital budget.

**RECOMMENDATION/S**

Members of the Environment Overview and Scrutiny Committee note the report and register 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 operational decisions and performance as required.

### 2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable

### 3.0 BACKGROUND INFORMATION

#### 3.1 REVENUE OUTTURN 2018/19

- 3.1.1 The final outturn position for Environment for 2018/19 was £1.2 million adverse variance compared with budget. The budget and expenditure position, along with accompanying narrative is show in the table below:

**Table 1 – Revenue Outturn 2018/19**

Reasons for variances from budget	Budget £m	Outturn £m	Variance £m
<b>Economic &amp; Housing Growth:</b> Local Plan and Wirral Growth Company pressures developed in year. They were funded from the use of one-off funding and reserves to produce a nil variance position.	25.6	25.6	0
<b>Delivery Services:</b> The adverse budget variance reflects the non-achievement of savings e.g. expected contract efficiencies on bin collection and targeted garden waste income within Waste and Environment.	65.8	67.0	(1.2)
<b>Net Position</b>	91.4	92.6	(1.2)

#### 3.2 CAPITAL OUTTURN 2018/19

- 3.2.1 The capital outturn for Environment for 2018/19 was expenditure of £24.2 million against a revised schedule of £29.0 million. This is shown in the table below:

**Table 2 – Capital Outturn 2018/19**

Spend	Budget £ m	Outturn £m	Variance £m
Delivery Services	17.6	13.8	3.8
Economic & Housing Growth	11.4	10.4	1.0
<b>Total</b>	<b>29.0</b>	<b>24.2</b>	<b>4.8</b>

3.2.2 A summary of progress made in 2018/19 within the Capital Programme is as follows:

### 3.2.3 Delivery Services

- Transport for Growth - expenditure has been incurred on a number of schemes to date. The most significant being the improvement to the junction of the M53 and A554 (£0.593 million) for which a contribution of £0.1 million was received from Highways England, as additional works were required following the need to lift the highway. In addition, expenditure has been incurred on cycle and footway improvements (£0.233 million) and the A41 New Ferry - Rock Ferry By-pass - speed enforcement measures, surface treatment and signing (£0.124 million). The termination of the BAM Nuttall contract has resulted in significant delays and a backlog of outstanding work, hence the considerable slippage into 2019/20.
- Sustainable Transport Enhancement Programme (STEP). Expenditure focused on 2 significant schemes; Northbank East (£0.65 million) which will provide increased accessibility for pedestrians and cyclists to the Wirral Waters West Float development and increased attractiveness of the area for businesses and investors; The Croft Retail Corridor (£0.22 million) which will also improve accessibility for pedestrians and cyclists, including improved safety for cyclists through the provision of an off road route.
- Highway maintenance - the most significant area of expenditure was in respect of micro asphaltting (£0.91 million).
- £0.575 million was spent on pothole repairs with those considered to be dangerous given priority for action. Efforts are directed both to repairs and prevention.
- Dock Bridges - a further of £0.84 million was incurred during the year in respect of the current replacement scheme.
- The BAM Nuttall settlement payment plus the purchase of 2 of their vehicles was completed at a cost of £0.561 million.
- £2.3 million of grant aid has been provided for the provision of essential aids and adaptations giving disabled people better freedom of movement in and around their homes. A new home adaptation pilot scheme commenced in August. The stair lift contract has also been awarded to facilitate faster installation of lifts and hoists. These 2 factors combined have resulted in greater expenditure than originally envisaged.
- The home improvement project provides a continuation of both financial assistance and intervention to remedy poor housing conditions in the private sector, including serious disrepair/hazardous housing conditions, low market demand and bringing long term empty properties back into productive use. Expenditure in the year was £0.5 million.

### 3.2.4 Economic and Housing Growth

- Within the Capital Programme is an allocation of £9.8 million for investment in properties; closely linked to the Wirral Growth Company, it is intended to fund potential acquisitions which will, in turn, provide a revenue income stream to the Council. Acquisition of the Vue cinema was completed at a cost of £7.18 million. The acquisition of the leasehold interest in Birkenhead Market has also been completed at a cost of £2.61 million with the management of the Market returning to the Council.

### 3.3 REVENUE POSITION AT QUARTER 1

3.3.1 This Statement provides a summary of the projected year-end revenue position as at Quarter 1, Month 3 (June 2019) for Environment.

**Table 3 – Revenue Position at Quarter 1 2019/20 (£m)**

	<b>Full Year</b>				
	Budget	Forecast	Variance		Adv/Fav
Delivery Services	66.8	68.4	(1.6)	(2%)	Adverse
Economic & Housing Growth	20.0	20.0	0.0	0%	
<b>Net position</b>	<b>86.8</b>	<b>88.4</b>	<b>(1.6)</b>	<b>(2%)</b>	<b>Adverse</b>

*\*An adverse variance is one where the forecast position is worse than the planned budget position, conversely, a favourable variance is where the forecast position is better than the planned budget position.*

#### 3.3.2 Delivery Services

- **Community Services.** There are income pressures (£0.3m) within Sport & Recreation which the service is working to mitigate. Commercial officers have been appointed to the Service to improve demand for memberships and explore new income streams aimed at reducing this adverse pressure.  
The expectation of the 2019/20 budget was for the approved budget savings, relating to the transfer of operations at the Floral and two golf courses, to be fully achieved. However, continuing delays in the implementation of both projects will mean the £0.66m saving target is unlikely to be realised in 2019/20 and has yet to be found.
- **Highways & Streetscene.** Car parking income is expected to fall short of the budgeted target by approximately £0.300m. This is due to less car parking income available from Asda supermarket customers.  
The termination of the Council's Litter Enforcement contract highlighted a net budget shortfall of £0.500m within the Waste & Environment Service Area; Officers are reviewing alternative options to bridge this budget shortfall.  
There has been a slower than anticipated take up of the Garden Waste Subscription service. If this trend were to continue it could cause a budget shortfall of approximately £0.200m, work is ongoing to attract new subscribers through promotional activity and advertising, aimed at reducing this variance.

- Housing. The favourable budget forecast within Housing is predicated on the current cost of Supported Housing contracts based on current occupancy rates.

### 3.3.3 Economic & Housing Growth

- The majority of the forecast favourable position is driven by savings of £0.073m in employee costs due to the delay in senior recruitment and £0.024m of improvements to income due to increased demand in planning.
- Income of £5.450m was originally anticipated in 2019/20 from development associated with the Wirral Growth company. However, as the partnership with Muse has matured, the partnership agreement has been refocussed to ensure any development is designed in consultation with residents, members and partners to ensure the maximum financial and economic benefits can be realised for the Council. This may result in additional income, but the expectation is that funds will be received later than originally planned. The income variance will be offset by a reduction in associated expenditure of £1.000m, expenditure that can be capitalised of £0.600m and a transfer from the Economic Growth reserve which was established to cover such delays in regeneration developments.
- Delivery of the Local Plan remains a key priority, with regular meetings with the Queens Council (external legal advisors) to ensure robust evidence is in place. Available reserves have been set aside to cover the local plan costs, with an estimated cost of delivery of £2.000m over three years.

## 3.4 IMPLEMENTATION OF SAVINGS

3.4.1 A summary of the position of 2019/20 Environment savings at Quarter 1, Month 3 (June 2019) is shown below:

**Table 4 - Savings 2019/20 (£m's)**

	<b>Approved Savings Total</b>	<b>Amount Delivered at Q1</b>	<b>Mitigation</b>	<b>To be Delivered</b>
Delivery Services	2.535	0.375	0	2.160
Economic & Housing Growth	8.350	8.350	0	0
Total	10.885	9.055	0	2.160

3.4.2 The £10.885m comprises the following elements:

- £0.33m - Delivery Services – Assisted Travel Procurement (£0.125m), Street Lighting LED (£0.05m), Cemetery & Crematorium Fees Changes (£0.2m) Golden Hellos, an incentive scheme for recruiting social workers. (budget reduction achieved)

- £2.050m – at risk. Floral - Submissions from preferred providers of an expert operator model for the Floral will be received, with a recommendation passed to the Portfolio Holder to enable negotiations. The saving was predicated on a full year saving of Revenue costs (£0.550m), which will not fully materialise in this financial year.
- £0.11m at risk. Golf - A preferred provider, as an expert operator for the golf courses, has been identified. Following an O&S Committee the saving is yet to be realised. The delay in the project will impact the level of revenue savings which can be achieved in 19/20. The £0.110m shown was predicted on a full year saving.
- £4.150m – Benefits of Economic Regeneration. £3.650m relates to the Wirral Growth Company, please refer to 3.3.2 for full commentary (budget reduction received)
- £0.1m – Increased Planning Income (budget reduction received)
- £4.0m – Sale of Freehold Investment, Capital Sale (budget reduction achieved).
- £0.1m – Culture Income (budget reduction achieved).

### 3.5 PERFORMANCE AGAINST CAPITAL BUDGETS QUARTER 1 (JUNE 2019)

3.5.1 The Programme for 2019-20 is a dynamic programme and as a result is subject to change. The table below shows the capital strategy agreed at Council then the proposed program as at June 2019 and the expenditure at that date.

**Table 5 – Capital Monitoring at Quarter 1 2019/20**

	<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>
Delivery Services	36.454	39.646	1.610
Economic & Housing Growth	27.712	19.252	0.132
Total	64.166	58.898	1.742

3.5.2 Current progress on significant schemes: -

#### 3.5.3 Delivery Services

- The demolition of Seacombe Community Centre has been completed at a cost of £0.130m.
- Transport for Growth - the major work to date has focused on Twickenham Drive Leasowe and Liscard Village town centre (£0.048m) and various footway and cycleway improvements (£0.057m).

- Aids, adaptations and DFGs - spend is influenced by several factors including referrals received and the extent/ value of the adaptations required. A new home adaptation pilot commenced August 2018 and the stair lift contract is facilitating faster installation of lifts and hoists. To date £0.523m has been spent.
- Leasowe 3G pitches - work is expected to commence on 29th July with a 22 week build.
- Fitness equipment upgrade - £0.280m has been spent already, with the remaining £0.060m allocated and on order for delivery in August.
- Wirral Tennis Centre facility upgrade – utilising a framework agreement to award the contract which will be supported by assets and procurement. This will be a trial of a partnership approach with the private sector.

#### 3.5.4 Economic and Housing Growth

- Within the Programme is an allocation of £10.00m for investment in properties. Closely linked to the progressing Wirral Growth Company it is intended to fund potential acquisitions.
- Wirral Waters Investment Fund – commitments total £1.800m for this year. £0.300m which must be spent by March on the “Green Civilised Streets” project and a contribution of £1.500m towards the Marine Energy Automotive Park.
- Housing Infrastructure Fund – potential areas to be progressed are:  
Woodside Master plan - £0.150m  
Urban Brownfield Sites Assessments Study £0.170m  
Birkenhead Regeneration Framework and Delivery Action Plans (focused on housing delivery) £0.200m;  
There will be further costs associated with the delivery of the Legacy Housing scheme (Wirral Waters One) and with the Urban Splash / Belong housing schemes, the scale of the costs are currently being assessed.

### 4.0 FINANCIAL IMPLICATIONS

- 4.1 The financial implications represent the content of this 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 Not Applicable.

**REPORT AUTHOR:** **Vikki Gregorich**  
Project Accountant  
telephone: (0151) 666 3104  
email: [vikkigregorich@wirral.gov.uk](mailto:vikkigregorich@wirral.gov.uk)

## **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>