

ENVIRONMENT, CLIMATE EMERGENCY AND TRANSPORT COMMITTEE

Tuesday, 16 March 2021

REPORT TITLE:	2020/21 REVENUE AND CAPITAL BUDGET MONITORING FOR QUARTER THREE (APR - DEC)
REPORT OF:	DIRECTOR OF NEIGHBOURHOODS

REPORT SUMMARY

This report provides a summary of the projected year-end revenue and capital position for Tourism, Communities, Culture and Leisure Committee as at the end of Quarter 3 (December 2020) of the 2020/21 financial year.

The Council's response to the Covid-19 pandemic continues to present financial risk due to uncertainty and fluidity in the external environment.

The overall financial position for the Council remains challenging, and a number of actions are in progress to mitigate the overall forecast position presented at quarter 3, including limiting spending to essential areas of service delivery only, with Corporate Directors supported to mitigate the risk of overspending. This is not a key decision.

RECOMMENDATIONS

That the Environment, Climate Emergency and Transport Committee are recommended to:

1. Note the adverse year-end forecast position presented at Quarter 3 of £3.183m.
2. Note the impact of funding and expenditure as a direct consequence of Covid-19, including the additional funding sources which have been identified, but as yet, not received.
3. Note the year-end forecast capital position for Environment, Climate Emergency and Transport Committee presented at Quarter 3.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular monitoring and reporting of the Revenue Budgets, Capital Budgets and savings achievements enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control of Wirral Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other reporting frequencies could be considered, but quarterly reporting is standard practice.

3.0 BACKGROUND INFORMATION

- 3.1.1 This report provides a summary of the projected year-end revenue position as at the end of Quarter 3, Month 9 (December 2020) of 2020/21 financial year.
- 3.1.2 The year-end forecast recorded as part of December's financial monitoring activity represents an adverse variance from budget of £3.183m for this Committee.

3.2 2020/21 COMMITTEE REVENUE BUDGET

- 3.2.1 The budget for the Environment, Climate Emergency and Transport Committee is included within the Neighbourhoods Directorate.
- 3.2.2 The Environment, Climate Emergency and Transport Committee is predicting an adverse budget variance of £3.183m at year-end. This is because of income losses within Car Parking and Garden Waste Subscriptions. This is due to temporary closures and suspension of these services from the beginning of the year, due to the outbreak of Covid-19. The majority of income losses in this committee are, in part, mitigated by the Sales, Fees and Compensation scheme, which is recorded as a separate and distinct funding stream within the report presented to Policy & Resources Committee on 17 February.
- 3.2.3 Many of the staff have been redeployed onto Covid-19 emergency response functions such as the Food Hub, PPE Distribution and the Covid-19 Helpline, meaning that the costs incurred in Neighbourhoods directorate remain high even though income and core activity has fallen. Work is being undertaken to see if the cost of employment of re-assigned staffing can be funded by Covid-19 funding streams to mitigate these pressures.

**TABLE 1 2020/21 – Environment, Climate Emergency and Transport Committee
Revenue Budget & Forecast**

	Full Year				
	Budget	Forecast	Variance (+ Fav, - Adv)		Adv/Fav
	£000	£000	£000	%	
Environment (including parks and open spaces)	8,075	8,468	-393	-5%	Adverse
Highways management and infrastructure	7,224	9,568	-2,344	-32%	Adverse
Recycling and waste	28,610	29,056	-446	-2%	Adverse
Total Surplus / (Deficit)	43,908	47,091	-3,183	-7%	Adverse

3.2.4 Highways & Infrastructure: An adverse variance of £2.344m is projected as at Quarter 3. This is mainly due to a loss of Car Parking income following temporary suspension of charges as directed by Members, however parking charges will be re-instated from January 2021. It is now assumed that there will be no material level of income generated from car parking this year in view of the latest restrictions announced by the Government in January.

At present, Car Parking is projecting an adverse variance of £1.898m. The remaining adverse variance within this area consists of an underachievement of Developer Income (£0.198m) and Inspection income (£0.248m). The service has attempted to mitigate some of these losses through generating additional income (circa £0.1m) from road closures, permits and traffic signals due to an increase in demand for utilities company works.

3.2.5 Parks & Environment: An adverse variance of £0.839m is projected as at Quarter 3. This is due to temporary suspension of the Garden Waste Service (£0.540m) caused by Covid-19 as result of workforce prioritisation. The income loss within Waste is partially mitigated through projected favourable variances against payments to the contractor of £0.102m. The other main loss relates to income from football and bowling clubs within Parks (£0.562m), with most of this being front loaded towards the beginning of the spring season when these activities were not permitted. The income loss within Parks is partially mitigated through a projected reduction in Planned Preventative Maintenance work of £0.161m, which has resulted in cost avoidance and contributed towards supporting the pollinator programme.

The Garden Waste service achieved the target of 40,000 subscribers at a reduced rate. Work is underway to attract additional garden waste subscribers for 2020/21 through marketing campaigns. The new direct debit scheme has been implemented, which exceeded the initial target and will help with customer retention in future years. Plans are underway in Parks to reopen their facilities to sports clubs in line with government guidance and some income has been recovered.

3.3 2020/21 COMMITTEE CAPITAL BUDGET

TABLE 2 2020/21 – Environment, Climate Emergency and Transport Committee Capital Budget & Forecast

Programme	Budget £m	Forecast £m	Variance £m	Variance £m
Environment, Climate Emergency & Transport	21.851	32.805	10.95	50%

- 3.3.1 Table 2 provides an update on the 2020/21 capital Programme. A number of significant variations have arisen since the programme was agreed in March 2020. These include the re-profiling of expenditure into and out of the 2020/21 financial year, inclusion of additional grant funded schemes, variations to spend forecasts and the inclusion of potential new capital schemes that are seeking funding via this report.
- 3.3.2 Given the budgetary pressures that the Council faces, which have been exacerbated by the COVID-19 outbreak, a review of the programme continues to try and identify schemes that may no longer be financially viable, essential or deliverable. This review has resulted in scheme reductions totalling £5.81 million and the reprofiling of budget into future years of £61.56 million. It is anticipated that further reductions and/or deferrals of budget will be made as the review continues. Such deferrals will reduce the borrowing costs incurred during 2020/21 (the effects of which are included within the Quarter 3 revenue monitoring) and also delays the resultant Minimum Revenue Position (MRP) charges into future years.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 3 budget monitoring report that provides information on the forecast outturn for the Council for 2020/21. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Policy & Resources Committee, the financial position is routinely reported at Directorate Management Team meetings and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

5.0 LEGAL IMPLICATIONS

- 5.1 The provisions of section 25, Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. This is in addition to the personal duty on the Chief Finance (Section 151) Officer to make a report, 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 (including sums borrowed) available to it to meet that expenditure.

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 The possible failure to deliver the Revenue and Capital Budget is being mitigated by:

1. Senior Leadership / Directorate Teams regularly reviewing the financial position.
2. Availability of General Fund Balances.
3. Review of existing services and service provision.
4. Capitalisation directive.

8.0 ENGAGEMENT/CONSULTATION

8.1 No consultation has been carried out in relation to this report.

9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. This report has no impact for equality implications at this stage, however any associated actions may require an assessment.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report is essentially a monitoring report on financial performance.

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BACKGROUND PAPERS

Policy and Resources Committee Wednesday, 17 February
2020/21 Revenue Budget Monitoring for Quarter 3
2020/21 Capital Budget Monitoring for Quarter 3

SUBJECT HISTORY (last 3 years)

Committee Meeting	Date
Environment, Climate Emergency and Transport Committee	22 October 2020

Environment, Climate Emergency and Transport Committee	3 December 2020
Environment, Climate Emergency and Transport Committee	1 February 2021